

**Liberal Education –
Perceptions of New Zealand Practicing Accountants**

**WORKING PAPER SERIES
Working Paper no. 19
2005**

Sue Malthus^a and Carolyn Fowler^{b*}

^a Sue Malthus, School of Business and Computer Technology, Nelson Marlborough Institute of Technology, Private Bag 19, Nelson, New Zealand

^b Carolyn Fowler, School of Accounting and Commercial Law, Victoria University of Wellington, PO Box 600, Wellington, New Zealand*

***Correspondence to: Carolyn Fowler, School of Accounting and Commercial Law, Victoria University of Wellington, PO Box 600, Wellington, New Zealand**

Email: carolyn.fowler@vuw.ac.nz

Tel: ++(64)(4) 463 6506

Fax: ++(64)(4) 463 5076

**Centre for Accounting, Governance and Taxation Research
School of Accounting and Commercial Law
Victoria University of Wellington
PO Box 600
Wellington
NEW ZEALAND**

Tel. + 64 4 463 6957

Fax. + 64 4 463 5076

<http://www.accounting-research.org.nz>

Liberal Education – Perceptions of New Zealand Practicing Accountants

2005

By
Sue Malthus and Carolyn Fowler

Acknowledgements

The authors would like to thank Bill Robertson, General Manager – Admissions, New Zealand Institute of Chartered Accountants and the referees for, and participants at the Accounting and Commercial Law Conference, Wellington 2004 and the Accounting Educators' Forum, Sydney 2004 for their comments on this paper.

Liberal Education – Perceptions of New Zealand Practicing Accountants

By

Sue Malthus (Nelson Marlborough Institute of Technology), and

Carolyn Fowler (Victoria University of Wellington)

Abstract

During the 1990s the value to an intending professional accountant of undertaking a period of liberal (general) studies was promoted internationally by a number of individuals and organisations, including the International Federation of Accountants (IFAC) and the New Zealand Institute of Chartered Accountants (the “Institute”). The Institute significantly changed its admissions policy for Chartered Accountants in 1996 and one change was to require four years of degree level study with a compulsory liberal studies component. This study surveys the *perceptions* of New Zealand accounting practitioners on the impact of this compulsory liberal component.

The results of this study demonstrate that there is little support from accounting practitioners for IFAC’s claim that liberal education “can contribute significantly to the acquisition of professional skills”, including intellectual, personal and communication skills. In addition, the majority of respondents did not perceive any improvements in the professional skills of the staff that had qualified under the Institute’s current admissions policy. However, any perceived improvements were mainly attributed to the Institute’s policy change. Notwithstanding the lack of support for the assertion that liberal education develops professional skills, there is a strong belief by respondents in the value of liberal education for intending professional accountants.

Key Words: admissions policy changes, accounting profession, general or liberal education.

Liberal Education – Perceptions of New Zealand Practicing Accountants

1. Introduction

The 1990s was a period of changing attitudes towards liberal education within accounting pre-qualification programmes. Over the last two decades, the value to an intending professional accountant of undertaking a period of liberal (general) studies was promoted internationally by a number of individuals and organisations, including the International Federation of Accountants (IFAC), firstly in International Education Guideline Number 9 (IEG 9, 1996) and more recently in their International Education Standard for Professional Accountants (IES 3, 2003). In this standard IFAC claim that a broad-based general education can contribute significantly to the acquisition of professional skills, including intellectual, personal, and interpersonal and communication skills.

In the early 1990s, prior to the release of IEG 9, the New Zealand Society of Accountants, now named the New Zealand Institute of Chartered Accountants¹ (the “Institute”), significantly changed its admissions policy for Chartered Accountants. This change was the outcome of a comprehensive review process that followed the earlier threat by two overseas professional accounting bodies to withdraw reciprocal membership rights (Wheeler Campbell Limited, 1993). This process consisted of a review by Scottish academics, Lothian and Marrian (1992), which was followed by the creation of a Strategic Review Taskforce in October 1992, and resulted in a proposal document, *Blueprint for the Future*, which included recommendations to change the admissions policy for Chartered Accountants in New Zealand.

The changes to the admission policy included the introduction of four years (or equivalent) of degree level-study from an accredited tertiary institution.² The most radical change was to stipulate the amount of accounting and business related studies included in the four years, that is 35-40 percent respectively, and to require a liberal studies component of 20-30 percent.³ This liberal component was introduced to broaden the subject knowledge of the accounting graduates and their way of thinking, and to improve their cultural understanding. The Institute did not define these liberal studies except to state they were “neither accounting nor business-related in subject matter” and did not specify what type of liberal studies should be undertaken (ICANZ, 2000a, p.11). However, liberal study classification guidelines were developed in 2000, and included areas such as ethics, non-commercial law and communications (ICANZ, 2000b).

This major change in the Institute’s admissions policy came into effect in 1996, and there are now Chartered Accountants in the workplace who have qualified under the revised policy. There have been no

¹ The New Zealand Society of Accountants was renamed the Institute of Chartered Accountants of New Zealand in 1996 and in 2005 the Institute of Chartered Accountants of New Zealand changed its name to the New Zealand Institute of Chartered Accountants.

² The increase in the number of degree offering tertiary institutions in New Zealand in the early 1990s permitted the New Zealand Society of Accountants to implement a degree entry requirement.

³ However, the percentage requirements are waived for students who undertake either extended tertiary study (i.e. qualifications in accounting that are higher than bachelor’s level) or two degrees, such as double degrees (ICANZ, 2000).

New Zealand-wide studies, to date, that have sought to investigate the liberal education component within the academic programmes for Chartered Accountant candidates. Consequently, the aim of the study was to ascertain the *perceptions* of accounting practitioners regarding the impact of a compulsory liberal component in the education requirement for Chartered Accountants in New Zealand. To achieve this aim a mail survey was conducted using a systematically selected group of Chartered Accountants in New Zealand who held a certificate of public practice as at 19 August 2003.

This research is important as questions have been raised in New Zealand by accounting students, academics and employers about whether the study of liberal courses by intending Chartered Accountants is valuable, given that it equates to approximately a year of tertiary study, and is costly in time and money for accounting students and New Zealand tertiary academic institutions. In addition, the changes in the academic requirements to include a specified liberal or general component was a controversial move, one that was not taken-up to the same extent, if at all, by other Anglo-American accounting bodies (Fowler and Malthus, 2003). However, it is still on the international accounting profession agenda, as can be seen by the recent issuance of IFAC's education standards, and there is still much debate in the accounting professional bodies about the value of liberal education. This again raises the question as to whether the study of liberal courses leads to the acquisition of the required professional skills and/or is valuable for those intending to become members of professional accounting bodies.

It is difficult to respond to these questions because there have been no nationwide studies that have investigated the value of liberal education to accounting graduates. This research therefore helps fill this gap and provides insights into the value that accounting practitioners place on liberal education and its contribution towards the development of professional skills. In addition, the study investigates, based on the perceptions of accounting practitioners, whether the professional skills of Chartered Accountants who have completed the current admissions policy are better developed than those who qualified as Chartered Accountants under a previous policy that did not require any liberal studies.

This paper firstly considers the importance of liberal education to accounting professionals, and secondly, the position taken by IFAC on liberal education. It then focuses on liberal education in New Zealand accounting programmes, and includes a review of prior New Zealand studies. From this the research questions are derived. The research methodology is then described, and the results obtained are presented and discussed. Lastly, the conclusions formulated from this study are presented, the limitations and implications of the study are discussed and possible directions for future research are outlined.

2. Background and Literature Review

2.1. The Importance of Liberal Education to Accounting Professionals

Liberal education owes its origins to the philosophies and teaching practices of Ancient Greece, and originally focused on the classical texts of the liberal arts (Axelrod *et al*, 2001). Litz and Bloomquist (1980, p.12) define liberal education as:

academic disciplines, such as languages, history, philosophy, and abstract science, that are presumed to develop general intellectual ability and judgment and provide information of general cultural concern, as distinguished from more narrowly practical training, as for a profession.

During the Renaissance period, liberal arts education, which characterised the university system at the time, was criticised for being too academic, too narrow and too specialised. A broader educational system was developed that revolved around moral philosophy, and the study of literature, language and history. Such an education was conceived to be “the basic and broad culture which would make people better citizens, better rulers, better professionals” (Gray, 1981, p.15).

There are a variety of views on the objectives of a liberal education. For example, the Association of American Colleges and Universities (1999) suggest that a liberal education:

prepares us to live responsible, productive, and creative lives in a dramatically changing world. It is an education that fosters a well grounded intellectual resilience, a disposition toward lifelong learning, and an acceptance of responsibility for the ethical consequences of our ideas and action. It prizes curiosity and seeks to expand the boundaries of human knowledge. By its nature therefore, liberal learning is global and pluralistic. It embraces the diversity of ideas and experiences that characterize the social, natural and intellectual world (pp. 6-7).

Axelrod et al (2001, p. 52) believe that the objectives of a liberal education are to develop “intellectual resilience; critical thinking; a combination of intellectual breadth and specialised knowledge; the comprehension and tolerance of diverse ideas and experiences; informed participation in community life, and effective communication skills”. By cultivating “intellectual resilience” in students and fostering a “disposition of lifelong learning”, Axelrod et al (2001) argue that the objective of a liberal education should be to enable students to expand their intellectual horizons and to continue that process outside formal educational experience.⁴

Since the mid 1980s, accounting education has been criticised on numerous occasions and by numerous critics, both academic and practitioner, for being too technically focused and not producing graduates with the knowledge and skills required to perform the tasks expected in the rapidly changing business environment (Previts and Merino, 1979; Accounting Education Change Commission (AECC), 1990; Nelson, 1995). The associated literature argues that firstly, liberal education of accountants is valuable because it teaches how to learn, unlike purely technical training, which teaches the use and implementation of tools and techniques that are likely to become obsolete after graduation. Secondly, it suggests that communication and interpersonal skills are critically important to accounting graduates, and that a liberal education helps to develop these softer skills.

There have been a number of studies that support the need to introduce liberal education in accounting education and have illustrated that ‘softer skills’, such as communication and interpersonal skills are

⁴ Although it has been argued that a liberal education is valuable, it should be acknowledged that undertaking a liberal education is no guarantee that the social and intellectual goals that are the objectives of a liberal education will actually be achieved. Some students may not possess the intellectual capabilities to enable them to benefit from such an education. Furthermore, the liberal education may be delivered in a mundane way, in large lecture theatres by lecturers who fail to gain the interest of their students.

increasingly important for accountants globally, and are what employers are currently looking for, in addition to strong technical skills (Arthur Andersen *et al.*, 1989; AECC, 1990; Stark and Lowther, 1989; Arquero *et al.*, 2001; AICPA, 1998; Albrecht and Sack, 2000). For example a recruitment manager in the UK believes that “accountants should be able to read, write, speak, and listen and use these processes effectively to acquire, develop and convey ideas and information”, and it is these skills that will make a recruit stand out from the crowd (Hickford, 2001, p.78). Two important professional studies in this area by AICPA (1998) and PricewaterhouseCoopers (PWC, 2003),⁵ found that non-technical skills, such as communication, interpersonal and problem solving skills, were important in professional accountants. In fact one AICPA council member believes that professional accountants need:

broader education for the future so this [*The CPA vision project*] works. Some firms are going to liberal arts students because of their broad base education (AICPA, 1998, p.19).

Additionally, a number of employers are strongly of the opinion that liberally educated students are especially valuable in the workforce because their education has broadened their intellectual horizons and they are easier to train than narrowly qualified graduates. As far back as 1959, the president of Imperial Oil stated, “industry has found that it can train an educated man but it cannot educate the trained man” (Axelrod, 1982, p.107, cited in Axelrod *et al.*, 2001, p.55).

There have been numerous reactions to the call for the liberalization of tertiary accounting education from the various Anglo-American accounting bodies. One of the leaders in the field of liberal or general education has been IFAC. IFAC first addressed the need for general education in the accounting profession in its 1994 discussion paper, *2000 and Beyond: a Strategic Framework for Prequalification Education for the Accountancy profession in the Year 2000 and Beyond*. Since then it has been a strong advocate for the liberal education of professional accountants and issued IEG 9 in 1996 and more recently IES 3 in 2003, both of which require a component of liberal education in the educational programmes of professional accountants.

The New Zealand Society of Accountants took a different approach to liberal education. The idea of “liberalizing” pre-qualification accounting education in New Zealand was first mentioned in the 1984 report, *Horizon 2000 – And Beyond*, which, after much consultation and two further reports resulted in changes to the Institute’s admission policy. One of the admission policy changes was the introduction of the equivalent of four years degree level-study with a stipulated amount of accounting and business related studies (35-40 percent respectively) and liberal studies (20-30 percent).

The guidelines and standards issued by IFAC and the policy changes made by the Institute are in line with the current expectation by employers of professional accountants, such as PWC, that their accounting staff should possess professional skills such as communication and problem solving skills, in addition to technical knowledge. The views of IFAC and the development of its promulgations on liberal

⁵ The two studies were the CPA Vision Project produced by the AICPA, and the PWC project, entitled ‘Educating for the public trust’.

education are detailed in section 2.2. The development of liberal education within the New Zealand accounting profession is further discussed in section 2.3.

2.2. IFAC and Liberal Education

The International Federation of Accountants (IFAC) is an international, non-profit, non-governmental, and non-political organisation of 163 accountancy bodies and represents 2.5 million accountants in 119 countries. Its overall objective is “to serve the public interest, strengthen the worldwide accountancy profession, and contribute to the development of strong international economies” (IFAC, 2004). A major tool for achieving this objective is the publication of pronouncements on topics such as education.

IFAC released a series of educational guidelines and international educational standards starting in 1994 when it issued the discussion paper *2000 and Beyond*. This paper recommended that professional accounting education should have four components, general accounting knowledge, specialised accounting knowledge, general education, and organisational and business knowledge. This was followed in 1996 with International Educational Guideline Number 9. This guideline states that professional accountants should obtain a foundation in general knowledge to enable them to:

place decisions in the larger context of society, to exercise good judgment and professional competence, to interact with diverse groups of people, and to begin the process of professional growth (IFAC, 1996, paragraph 12).

This concept of continuous professional growth, or lifelong learning, is one of the perceived benefits of a liberal education put forward by advocates of liberal education such as the Association of American Colleges and Universities. IFAC suggest that professional accountants should possess a disposition toward lifelong learning to ensure they maintain the currency of their skills base, particularly during times of rapid technological advances.

The continued changes in the professional accounting environment led IFAC to issue a series of International Education Exposure Drafts for Professional Accountants in July 2002. These included an Exposure Draft titled Professional Skills and General Education (IFAC, 2002). In this Exposure Draft, IFAC states that general (liberal) education:

consists of subjects drawn from the arts, science, social sciences and humanities that are outside the discipline of accounting and business (IFAC, 2002, p.7 - Definitions Section).

The reason IFAC gives for the importance of general education to professional accountants is that it:

contributes to professional competence by imparting knowledge of the world, broadening the candidate’s mind, and providing a more rounded education than that gained by business study alone (IFAC, 2002, p.7 – Definitions Section).

IFAC then go on to specifically suggest in the Exposure Draft (paragraph 17) that professional accountants should acquire the following skills: intellectual, technical and functional, personal, interpersonal and communication, and organisational and business management skills. They take the view that a general education “can contribute significantly to the acquisition of professional skills”, including the development of intellectual, personal, and interpersonal and communication skills

(paragraph 23). When comparing the approach to general education taken by IFAC in this exposure draft to the definition of Litz and Bloomquist (1980), on page 3, it is apparent that IFAC have focused on the intellectual ability and judgment part of this definition (i.e. the skill components) and built their Exposure Draft and subsequent standard around the concept of a definable general education skill set. The general skill set approach taken by IFAC may have been a way to avoid promoting the value-based benefits of a liberal education to a diverse range of cultures and countries.

The Exposure Draft lists the following professional skills as desirable in professional accountants under the classifications of intellectual, personal, and interpersonal and communication skills (IFAC, 2002, paragraphs 18 to 21):

Intellectual skills:

- the ability to locate, obtain, organize and understand information from human, print and electronic sources;
- the capacity for inquiry, research, logical thinking, powers of reasoning, critical analysis and skepticism;
- the ability to identify and solve unstructured problems in unfamiliar settings and to apply problem-solving skills.

Personal skills:

- self-management;
- initiative, influence and self learning;
- the ability to select and assign priorities within restricted resources and to organize work to meet tight deadlines;
- the ability to adapt to change.

Interpersonal and communication skills:

- the ability to work with others in a consultative process, particularly in groups, to withstand and resolve conflict;
- the ability to interact with culturally and intellectually diverse people;
- the ability to negotiate acceptable solutions and agreements in professional situations;
- the ability to work effectively in a cross-cultural setting;
- the ability to present, discuss, report and defend views effectively through formal and informal, written and spoken language;
- the ability to listen and read effectively, including a sensitivity to cultural and language differences.

Since this study was completed the IFAC Exposure Draft (2002) used in this study, has been issued as an International Education Standard for Professional Accountants, *IES 3 Professional Skills (October 2003)*.⁶ This standard is very similar in content and continues to require that “all professional education programmes should include some portion of general education” (IFAC, 2003, paragraph 19). However

⁶ In IES 3, on professional education, IFAC (2003, paragraph 20) claim that a liberal (or general) education “can contribute significantly to the acquisition of professional skills”. This includes the development of intellectual skills (such as the ability to apply problem solving skills), personal skills (such as the ability to adapt to change), and interpersonal and communication skills (such as the ability to communicate in a multicultural environment).

IES 3 differs in that it suggests that general education should focus not only on the development of intellectual, personal, and interpersonal and communication skills, but also on organisational and business management skills (IFAC 2003, paragraph 20).

The Institute has had a close relationship with IFAC, in particular with the IFAC Education Committee, with the Institute playing "... a significant role in the work of IFAC" (Robertson, 2000, p. 23). This relationship with the Education Committee of IFAC began in 1995, and at the second meeting of IFAC in Auckland in 1996, the Institute found that their newly reformed pre-qualification programme, which included a liberal education requirement in the academic component, was "...somewhat avant-garde on the international scheme." (Allen, 2005, p. 13).⁷

The idea of a component of liberal study as part of the formal education requirements for professional accountants may have originated from New Zealand's vision for accounting education, as first eluded to in the 1984 report *Horizon 2000 – And Beyond*, and the Institute may have influenced the development of the IFAC policy regarding liberal education. Alternatively, it may have been that IFAC and the Institute developed their ideas on liberal education at the same time, with IFAC's issuance of guidelines on general education (IEG 9) and the Institute's admissions policy changes both happening in 1996. Consequently, the developments in liberal education for the accounting profession may have happened independently but in parallel (W. Allen, personal communication 28 January 2005). This could explain the differing approach taken by the Institute in New Zealand whereby it has espoused a much broader and general view of the purpose of liberal education than the skills-based approach taken by IFAC. This broad view of the purpose of liberal education and its development in the New Zealand accounting profession are discussed next.

2.3. The New Zealand Accounting Profession and Liberal Education

2.3.1 An Historical Perspective

New Zealand's first professional accountancy body, the Incorporated Institute of Accountants of New Zealand was formed in May 1894, and by August of that year the total membership was 101 (Gaffikin, 1981). The Institute changed its name in 1908 and became the New Zealand Society of Accountants (the "Society"), with 2116 foundation members. A competing association, The Accountants' and Auditors' Association was established in 1898 and was absorbed into the Society in the 1940s. The Society set its own examinations, which included papers in geography, English composition and arithmetic. Accounting as a subject began to be taught at the New Zealand tertiary institutions in 1912, when the Society gave funds to the four colleges that were part of the University of New Zealand (Gaffikin, 1981). The degree of the University of New Zealand was the Bachelor of Commerce, and the professional requirements

⁷ Warren Allen, a former president of the Institute, was Chair of the IFAC Education Committee from 1998 until 2004. Warren was also the chair of the Institute's Education Committee at the time the Institute introduced its current admissions policy, and was one of the key architects of the current policy, while Bill Robertson, the Institute's General Manager of admissions served as a technical adviser to IFAC education committee (Robertson, 2000; Allen, 2005).

were part of the degree requirements. The degree required commerce papers as well as papers in geography, history and a foreign (European) language (Colquhoun, 1996). However, a new degree structure in 1941 saw a retrenchment to specified commercial subjects.

The shift toward a technical focus for the education of professional accountants in New Zealand continued from the 1940s to 1996, when the current admissions policy was introduced. The Society continued to set its own professional exams for entry, however cross credits were granted from university subjects to the Society examination subjects. The professional papers, set by the Society, were phased out, with the last examination being in November 1987 (Colquhoun, 1991). The professional exams were replaced by either the completion of the National Certificate in Business Studies and a National Diploma in Accounting, or an approved accounting degree from the universities and, from 1992, approved degree-offering polytechnics. Candidates then had to sit one professional exam set by the Society, called the Final Qualifying Exam (FQE).

From the 1940s until the introduction of the current admissions requirements accounting education in New Zealand became increasingly technically focused; however, there were a number of calls during this time to liberalise the education for professional accountants. For instance Carl Perkins, the President of the Society in 1946-47, stated, “it must still be remembered that practical training is not enough; there should also be a sound basis of liberal education...” (cited in Colquhoun, 1996, p.29). As well, Herbert West, President of the Society in 1966 considered that “the future accountant will need more than competence and professional skills, he will need an inquiring and educated mind” (cited in Colquhoun, 1996, p.29).

The move away from purely technical training towards the liberalisation of accounting education programmes in New Zealand started in the mid 1980s when the Society commissioned the *Horizon 2000 – And Beyond* study to formulate long-term strategies and policies on the education of future members of the profession (NZSA, 1984). An important strategic decision made by the taskforce was that the Society should aim to become a professional body whose members range across the full spectrum of management and accountancy, and not a Society purely of public practitioners. Therefore, the existing educational programme that required students to demonstrate technical knowledge was inadequate, particularly given the significant growth of knowledge and the change of skills required of accountants. The taskforce suggested that accountants should obtain broad, general capabilities which would not be rapidly outdated, and that:

Post-secondary education should emphasise the development of generalisable competencies, or what one might call a literacy in mathematics, and the sciences, in language and communication, in problem construction and problem solution and, most important of all, in how to learn (NZSA, 1984, p.76).

The taskforce stopped short of recommending that the Society’s admissions policy should contain a liberal component. However, one of their recommendations was that a prospective member should complete “a minimum core” of technical accounting knowledge, representing between 50% and 60% of

the present content of the professional examination requirement” (NZSA, 1984, p.87). By inference, the other 40 to 50% of a prospective member’s tertiary study could be in any discipline.

However, it was not until the Lothian and Marrian (1992) report, *International Review of Admission Policy*, that the idea of including a liberal element into the academic component of the Society’s admissions policy was seriously considered. Lothian and Marrian suggested that a component of liberal studies would “lead to an improved understanding of the worldwide economic, political and social forces affecting society and the profession” (1992, p.10). As well, Lothian and Marrian (1992, p.10) recommended that “approved” degrees should contain “subjects that lie outside the cognate fields of the profession (say thirty per cent),” including a foreign language.

The Society agreed with the suggestion that accounting education should contain a liberal component as this would broaden the subject knowledge of graduates. An additional argument at the time was that the completion of liberal studies would introduce graduates to broader thinking and a different approach to solving problems. In addition, a component of liberal education would expose graduates to a range of skills not encountered in a narrow accounting or business education (Whiley, 2003). When comparing the reason for introducing a compulsory component of liberal education with the benefits of a liberal education as perceived by Litz and Bloomquist (1980) on page 3, it is evident that the Society agreed with Litz and Bloomquist that liberal education should help to develop a graduate’s general intellectual ability and judgment (B. Robertson, personal communication, 12 December 2004).

2.3.2 The Broad CA Concept

Since introducing the changes to the admissions policy in 1996 the Institute has acknowledged that there has been a further shift in the profile of its members. The accounting profession has broadened with the profession increasingly engaging in an expanding range of functions and roles. This requires an expansion in the set of competencies and skills required by the professional accountant (Robertson and Cotton 2004).

As a result of the role expansion, the proportion of the Institute’s members working in “core accounting” areas such as public practice has decreased for a number of years⁸ and as a consequence, the Council of the Institute agreed to adopt a new Strategic Platform in 2002 (Pryde, 2002). A critical part of this strategic review was the decision by the Council in October 2002 to adopt the “broadened CA” profile for the CA College of members. As part of the adoption process the admissions area of the Institute carried out a review of the competencies expected of CAs, in the broader business context, to identify and confirm the competencies that CAs in New Zealand should possess (B. Robertson, Institute General Manager – Admissions, personal communication, 8 December 2003). This review, referred to as The Broad CA Competency Project, was completed in November 2004 (Robertson and Cotton, 2004).

⁸ As at 30 June 2003, there were 5,360 CAs working in public practice, representing only 25% of the total membership of the CA College of 21,239 (ICANZ, 2003, p.15).

Part of the Broad CA Competency project included a review of the academic component of the Institute's admissions policy, and the consultation document on the proposed modifications was released on 27 July 2004. This review was also conducted in response to the release of the International Education Standards, and feedback from education stakeholders. It recommends that the academic requirements for future membership of the CA College should continue to include a component of liberal studies but reduces the amount to 15% of the four-year degree programme. It also recommends the introduction of an explicit requirement for the development of general skills within the academic programme, including intellectual, personal, interpersonal and communications, and organizational and business management skills (Whiley, 2005). The inclusion of general skills could indicate a shift by the Institute from a national to an international perspective. Allen (2005, p. 14) notes that the Institute needs to continually review its education programme, and states " we must avoid a repetition of the 1980's experience of being placed out in the cold by our international professional colleagues because our education processes had woefully fallen behind what was acceptable."

The Institute is not the only professional accounting body to have introduced a liberal component into its admission requirements in an attempt to address a perceived lack of liberal knowledge of accounting graduates. Nonetheless, it is currently in a minority, and it is the only Anglo-American professional accounting body to prescribe a percentage requirement for liberal studies (Whiley, 2003). However, the accounting profession in New Zealand responded differently to the accounting professions in the US, Canada, Australia, England and Wales to calls to liberalise the professional accounting education programmes. The reasons for this may be that one of the other factors that differentiate New Zealand from other Anglo-American countries is that, in New Zealand, the Institute is the only professional New Zealand accounting body. This position allows the Institute to set the entry standard for all professional accountants in New Zealand. As a result it has been able to be more prescriptive than other Anglo-American accounting bodies in setting the educational requirements for approved tertiary accounting programmes (Fowler & Malthus, 2003). As well, the Institute has always played an active role in the ongoing development of the syllabi of the accounting degrees taught at the tertiary institutions in New Zealand (Colquhoun, 1991). This is primarily because the Institute has always had a close working relationship with the small number of tertiary institutions in New Zealand (Crisp, 1972).

2.3.3 Previous New Zealand Studies

There have been two previous New Zealand studies that examined liberal education within accounting programmes as part of their research. The first of these studies was carried out in 2001 and investigated the *perceptions* of accounting employers of the important characteristics of an accounting programme (Perera, Chua and Carr, 2002). This study found that the employers who responded to their survey (62 respondents) thought that the four-year accountancy programme in New Zealand should include, on average, 13.6% liberal education. It was noted, however that there was a diversity of views with one respondent replying that they thought the academic component should comprise 100% liberal papers and one respondent suggesting that the liberal component should be zero.

The respondents to this survey were asked to indicate their preference for which subjects should be included in the liberal component of the academic programme. The most preferred subject was computer technology followed by English. Statistics and psychology were ranked the third and fourth most preferred subjects, followed by pure mathematics and sociology. However, it should be noted firstly, that the researchers in this study made no attempt to explain this result or determine if the respondents actually knew what was meant by university study in the specified subject areas. Secondly, in a number of approved accounting degree programmes throughout New Zealand, computer technology and statistics are classified as “business” subjects, not “liberal” subjects, for the purposes of meeting the Institute’s academic requirements. Therefore, the most preferred “true” liberal subjects from this study were English and psychology. As well, Perera et al. (2002), found a significant gender bias in the liberal subjects chosen. Females indicated a greater preference for psychology and sociology while males indicated a greater preference for statistics.

The second study, which was also carried out in 2001, considered the impact of the changes to the Institute’s admissions policy on the accounting practitioners in the Nelson region of New Zealand who employ CAs or CA candidates (Fowler and Malthus, 2003). The participants included nine accounting practitioners in the Nelson region who employ staff who had graduated under the current admissions policy. They were interviewed and asked, amongst other things, whether the liberal component of the Institute’s academic requirements was of value to them as employers of CAs. The research found a range of views from “very valuable” to “of no value at all”, with a relatively even split between the two contrary views.

2.3.4 Current Study

This study differs from the previous two studies by focusing specifically on whether the study of liberal courses by intending Chartered Accountants is valuable and making an observable difference to accounting graduates’ professional skills, given that it equates to approximately a year of tertiary study. Additionally, it considers these issues on a New Zealand wide basis, as there have been no previous nationwide studies that have investigated these questions.

In addition, this research considers both the IFAC and the Institute’s views of liberal education. From the discussion in this and the previous section it can be seen that both IFAC and the Institute have different views on the purpose of liberal education of professional accountants. IFAC believes that liberal education contributes towards the development of professional skills (the skills-based view) and the Institute believes that liberal education is important because it broadens the subject knowledge of graduates (the broad-based view). However, there are indications that both views originated from similar rationales, i.e. that liberal education:

contributes to professional competence by imparting knowledge of the world, broadening the candidate’s mind, and providing a more rounded education than that gained by business study alone (IFAC, 2002, p.7 – Definitions Section).

As well, the proposal by the Institute in its Broad CA Competency project to introduce an explicit requirement for the development of general skills within approved academic programmes for admission to the CA College in New Zealand (ICANZ, 2004) suggests a merging of the views on the importance of general skills to accounting graduates, whether acquired from a component of liberal education (IFAC's view) or from elsewhere within four year's of tertiary accounting education (the Institute's view, B. Robertson, personal communication, 12 December 2004).

This study examines both the IFAC and the Institute's view of liberal education. The IFAC view is examined by using the desired professional skills previously mentioned to ascertain whether the respondents believe liberal education contributes towards the development of these professional skills, and whether the study of liberal subjects at tertiary level by accounting students has led to any improvement in the professional skills of these graduates. As well, this study examines the Institute's view of liberal education by asking whether the study of liberal courses by intending Chartered Accountants is perceived to be valuable, and if so what are the perceived benefits of a component of liberal studies.

Consequently, the aim of the study is to ascertain the *perceptions* of accounting practitioners regarding the impact of the inclusion of a compulsory liberal component in the education requirement for Chartered Accountants in New Zealand. This study specifically examines whether accounting practitioners:

1. Believe the intellectual skills, personal skills, and interpersonal and communication skills, as identified by International Federation of Accountants (IFAC) in 2002, are more likely to be developed in accounting graduates who have undergone a four-year, full-time equivalent academic programme with a compulsory liberal component, compared with those graduates who have not undergone such a programme.
2. Have perceived any differences in the professional skills, as identified by IFAC (2002), of their employees who have undergone a four-year, full-time equivalent academic programme with a compulsory liberal component, compared with those employees who have not undergone such a programme.
3. Attribute any perceived differences in the professional skills to the changes in the academic component of the Institute's admissions requirements that were introduced in 1996.
4. Believe a component of liberal education is valuable to Chartered Accountants in New Zealand.

In addition, the study investigates whether the perceptions are influenced by the age or gender of the respondents, the size of the firm they work for or whether they qualified under the Institute's current admissions policy. It may be argued that the age of the respondents could affect their perceptions because anecdotal evidence suggests that older members favour more technical accounting education and Perera et al. (2002) found that gender also has an impact on preferences for liberal education studies. In addition, large firms may place more value on liberal education as anecdotal evidence suggests they value more

highly employees who have received a liberal education. The emotional buy-in to the current admissions policy by those who qualified under it may also influence the perceptions of CAs who qualified under the current admissions policy.

3. Research Design and Methodology

To achieve the objectives of this study a nationwide mail survey was used to discover the perceptions of accounting practitioners of the impact of the inclusion of a compulsory liberal component in the education requirement for Chartered Accountants in New Zealand.

The questionnaire⁹ was mailed to 1500 of the 2498 Chartered Accountants in New Zealand who held a public practice certificate as at 19 August 2003 to ascertain the impact of liberal education on the professional skills of accounting graduates. The reason for selecting this group was to obtain the views of a (relatively) homogeneous group of members of the Institute who are providing accounting services to the public in New Zealand.

This sample was selected using systematic sampling, where the researcher uses natural ordering of the population and then selects an arbitrary starting point. Following that the researcher selects items at pre-selected intervals (Zikmund, 1991). The names and addresses of the participants were obtained from a membership database provided by the Institute. Potential respondents were advised that response to the questionnaire was voluntary, that they need not identify themselves, and that the information they gave would be anonymous and strictly confidential. Prior to sending the 1500 questionnaires to the survey participants the survey was piloted on six accounting practitioners who work in Nelson. Pilot respondents made a number of useful comments and suggestions regarding both the layout of the questionnaire and the wording of some of the questions.

The structure of the questionnaire was based on the research instrument used by Cotton, Scott and Rainsbury (2002), with the authors' permission. The questionnaire consisted of six parts:

- Part 1: Personal Profile of the Respondents
- Part 2: Work Profile of the Respondents
- Part 3: Perceptions of the Development of Professional Skills of Employees
- Part 4: Perceived Differences in the Professional Skills of Employees
- Part 5: Perceived Reasons for Differences in Professional Skills of Employees
- Part 6: Perceptions of the Value of Liberal Education

A total of 339 responses were received. This represents a response rate for the survey of 22.6% (or 13.6% of the total population). Due to the tight deadline for the study, and the inability to identify which participants had responded due to the confidentiality of their responses, no follow-up requests were sent.

The profile of the respondents is compared to the profile of the population in Table 1.

⁹ The questionnaire consisted of five A4-sized pages stapled together to form a booklet, had a coloured cover page and took approximately five minutes to complete.

	Respondents	Population
Gender - male	76.1% (258)	87% (2173)
Gender - female	23.9% (81)	13% (324)
Big 4 firm	10% (35)	6.7% (168)
Non-Big 4 firm	90% (304)	93.3% (2330)
Number of partners/directors in office: 1-2	57.8% (196)	70.9% (1770)
Number of partners/directors in office: 3-5	23.5% (80)	18.6% (466)
Number of partners/directors in office: >5	18.7% (51)	10.5% (262)

Table 1: Profile of Respondents and Population

Using chi-square analysis on the profile of the population compared to the profile of the respondents, based on the information in Table 1 above, no statistically significant differences were identified. The questionnaire also included questions about the following demographics of the respondents: age, where they qualified, the level of academic qualification, when they qualified, and the policy under which the respondent qualified.

Most of the respondents were in the 40-49 age bracket (54%), while 29% were between 30 and 39, 15% were 50 or above, and the remaining respondents were below 30 years of age. The vast majority of the respondents qualified as Chartered Accountants in New Zealand (96%), most possess a degree (71%) and the majority had qualified between 1980 and 1989 (57%). Seventeen of the respondents (5%) qualified as Chartered Accountants under the current admissions policy of the Institute and 300 (89%) qualified under a previous admissions policy. Twelve respondents (3%) qualified under the transitional arrangements between the old and the current policy, and nine respondents (2%) didn't know under which policy they qualified. Although no information was available on the demographical characteristics of the population, the profile of the respondents did not appear to be unusual. When considered in conjunction with the respondents' profiles in Table 1, it can be concluded that the responses are likely to be representative of the population, and the views provided by the respondents are likely to be generalisable.

An analysis was performed on early and late responses to test for non-response bias, as suggested by Wallace and Mellor (1988) and Armstrong and Overton (1977). Some statistically significant differences, at the 5% level were observed in respect to: the development of professional skills (six of the thirteen professional skills), observed differences in professional skills (eight of the thirteen professional skills), reasons for differences in professional skills (three of the thirteen professional skills.) and value of liberal education.¹⁰ Therefore, it can be concluded that some non-response bias exists and consequently, the results presented next must be interpreted in that context.

¹⁰ Note the last thirty respondents believe that liberal education is more valuable than the first thirty respondents.

4. Results and Discussion

4.1 The Skill-Based View on Liberal Education

IFAC believe that the study of liberal education contributes towards the acquisition of professional skills. This section compares the respondents' views with those of IFAC and presents the respondents' views on whether they perceived any improvements in the professional skills of their employees who have qualified under the current admissions requirements, and whether they believed these perceived improvements were due to the changes in the Institute's admissions policy.

4.1.1 Development of Professional Skills

As discussed in section 2.2, IFAC claims that liberal education can contribute significantly to the acquisition of professional skills (IFAC 2002). Part three of the questionnaire focused on whether the respondents agree with this claim and believe that certain professional skills are more likely to be developed in accounting graduates who have undertaken some liberal studies than in graduates who have not undertaken a component of liberal studies. Respondents were required to answer using a five-point Likert scale where 1 = significantly less developed, 3 = no difference and 5 = significantly more developed. The results, which are summarised in the Figure 1 show that for six out of the thirteen professional skills (as indicated by the*) the majority of respondents believe that the skill is more likely to be developed in accounting graduates who have undertaken some liberal studies, which indicates some support for the IFAC's claim. For the other seven professional skills, excluding "organise information"¹¹ the majority of respondents believe there would be no difference in the accounting graduate's skills as a result of studying some liberal subjects.

A mean score was calculated for each professional skill to provide an overall measure of the respondents' perceptions and for each of the professional skills the mean result was greater than 3 but less than 3.73. In addition, one-sample T-tests were calculated to ascertain if there were any significant differences from 3 (no difference), and for each professional skill the difference was statistically significant (at $p < 0.05$). However, given the nature of this test and that the mean result for each of the professional skills, although positive was not greatly different from 3, common sense suggests that these results show only limited support for IFAC's claim that liberal education can contribute to the acquisition of professional skills.

The professional skill that the respondents perceive is most likely to be developed by liberal education is the ability to interact with culturally and intellectually diverse people (mean score of 3.73). The skill that is perceived to be least likely to be developed by liberal education is the ability to prioritise and meet tight deadlines (mean score of 3.23).

¹¹ This has been excluded because there was no majority view,

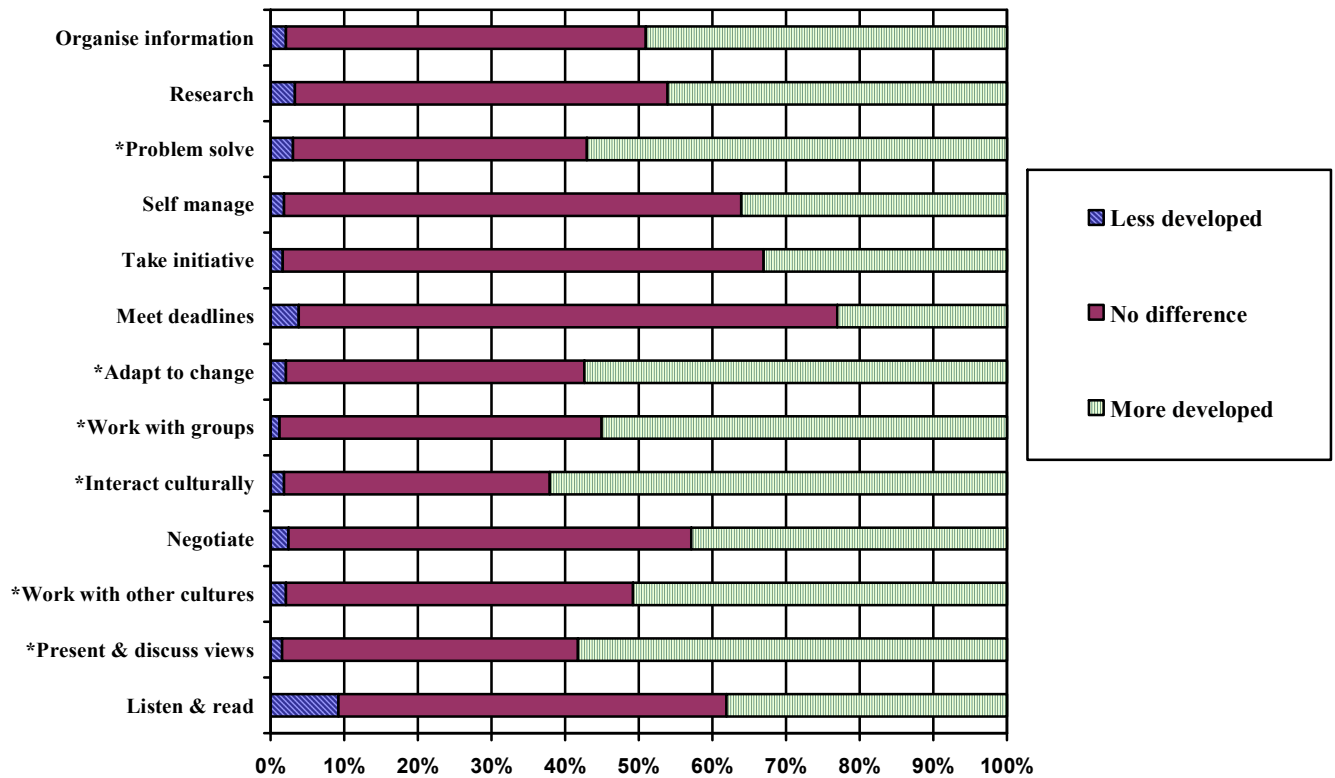


Figure 1: The percentage of respondents who believe that certain professional skills are more likely to be developed in accounting graduates who have undertaken some liberal studies

4.1.2 Perceived Differences in Professional Skills

Part four of the questionnaire focused on whether the respondents had perceived any improvements in the professional skills of their staff. Only the responses of those practitioners that employed, or had previously employed staff who have completed the academic component of the Institute’s current admissions policy as well as staff who had completed the academic component prior to the introduction of the liberal component were considered. This was nearly half of the respondents (156, 46%). These respondents were able to compare the skills of staff working for them who had graduated under the current policy with their staff who had qualified under a previous policy. The remaining 54% were directed to the last part of the questionnaire that asked about their views on the value of liberal education.

The skills listed were the same IFAC skills included in part three of the questionnaire. Respondents were required to answer using a five-point Likert scale where 1 = significantly less skilled, 3 = no difference and 5 = significantly more skilled.

The majority of respondents perceived no differences in the professional skills of the staff who had qualified under the Institute’s current admissions policy. The results are summarised in Table 2. However for every professional skill listed there were some respondents who believe their staff are moderately or significantly more skilled. The skills where most improvements were perceived were in the ability to:

1. Identify and solve unstructured problems in unfamiliar settings and apply problem-solving skills (Intellectual skill).
2. Adapt to change (Personal skill).
3. Work effectively with groups and to interact easily with culturally and intellectually diverse people (Interpersonal skill).

The respondents perceived least difference in the skill areas of “prioritising and meeting deadlines”. Only 18% of respondents thought that their staff who had completed the current academic component were more skilled in this area than those staff who had completed different academic requirements.

A mean score was calculated for each professional skill to provide an overall measure of the respondents’ perceptions and the results are summarised in Table 2. For each of the professional skills the mean result was greater than 3 but less than 3.5. One-sample T-tests were performed to ascertain if there were any significant differences between the means and 3 (no difference) and for each professional skill the difference was statistically significant (at $p < 0.05$). However, given the nature of this test and that the mean result for each of the professional skills, although positive was not greatly different from 3, no strong conclusion can be drawn. Therefore it is suggested that there was only minimal perceived improvements in the professional skills of the staff who have undergone a component of liberal studies.

4.1.3 Differences due to Accounting Education Programme

Part five of the questionnaire asked respondents whether they believe the perceived differences in the professional skills of their staff were likely to be due to differences in the accounting education programmes their staff had completed or were due to other factors, such as work experience or secondary education. The results are summarised in Table 2.

The majority of the respondents who had perceived improvements in the professional skills of their staff who had qualified under the current admissions requirements believe that the improvements were due primarily to the changes in the Institute’s academic component. However, due to the small number of respondents in Table 2, strong conclusions cannot be drawn in this regard. The skills area where the perceived improvement in professional skills was most attributed to the current academic requirements was the ability to present, discuss, report and defend views effectively through formal and informal, written and spoken language (Communication skill).

Professional Skills	Perceived difference in professional skill				Mean of perceived difference in professional skill		Perceived improvement due to			
	More skilled		No difference or less skilled		Mean	Standard Deviation	Academic component		Other factor	
	No. ¹ of responses	%	No. ¹ of responses	%			No. of responses	%	No. of responses	%
¹ Note: n= 155 unless otherwise noted. That is * n=154, and ** n= 152.										
<i>Intellectual Skills</i>										
Locate, obtain, organise and understand information from human, print and electronic sources.	41	26%	114	74%	3.30	0.524	27	66%	14	34%
Research, analyse and synthesise information.	48	31%	107	69%	3.34	0.550	38	79%	10	21%
Identify and solve unstructured problems in unfamiliar settings and apply problem- solving skills.	57	37%	98	63%	3.39	0.618	43	75%	14	25%
<i>Personal Skills</i>										
Demonstrate self management.	40	26%	115	74%	3.30	0.638	23	57%	17	43%
Take initiative and learn independently.	49	32%	106	68%	3.37	0.636	27	55%	22	45%
Select and assign priorities within restricted resources and organise work to meet tight deadlines.	28	18%	127	82%	3.15	0.511	18	64%	10	36%
Adapt to change.*	61	40%	93	60%	3.44	0.605	37	61%	24	39%
<i>Interpersonal & Communication Skills</i>										
Work effectively with groups.*	55	36%	99	64%	3.40	0.588	41	75%	14	25%
Interact easily with culturally and intellectually diverse people.**	53	35%	99	65%	3.40	0.612	39	74%	14	26%
Negotiate acceptable solutions and agreements in professionally challenging situations.*	41	27%	113	73%	3.27	0.540	31	76%	10	24%
Work effectively in a cross cultural setting.	45	29%	110	71%	3.35	0.600	30	67%	15	33%
Present, discuss, report and defend views effectively through formal and informal, written and spoken language.	51	33%	104	67%	3.37	0.615	42	82%	9	18%
Listen and read effectively.	48	31%	107	68%	3.35	0.554	31	65%	17	35%

Table 2: Perceived differences and perceived reasons for differences in professional skills

4.2. The Value-Based View on Liberal Education

As discussed in section 2.3 of the paper, the Institute believed, when it introduced the liberal studies component into the academic requirements for Chartered Accountants that the completion of a component of liberal studies was valuable as it would introduce graduates to broader thinking and broaden the subject knowledge of accounting graduates. This section of the paper examines the respondents' views on liberal education to ascertain if their views are similar or not to the Institute's views on the benefits that can be derived from a liberal education.

4.2.1 The Value of Liberal Education to Chartered Accountants

The final part of the questionnaire asked all respondents, irrespective of whether they employ staff or not, how valuable they believe liberal education is to Chartered Accountants in New Zealand. Respondents were required to tick the appropriate box, being "very valuable", "moderately valuable" or "not valuable". No attempt was made to define "valuable" as the study was based on perceptions, and therefore the term has different meanings to different people. The results are summarised in Figure 2.

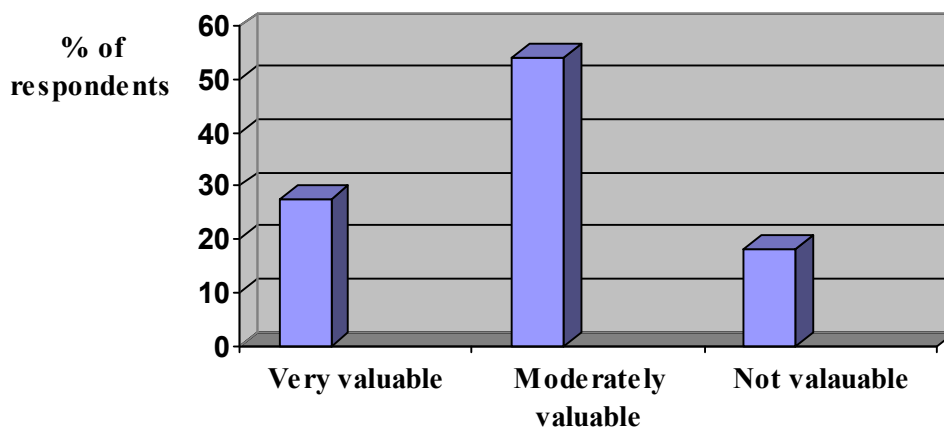


Figure 2: The perceived value of liberal education

A significant proportion of the respondents (82%) believe that liberal education is moderately or very valuable, with the largest proportion (54%) responding that they believe liberal education is moderately valuable. If a value is assigned to each response as "very valuable" = 1, "moderately valuable" = 2 and "not valuable" = 3, the mean score for all respondents was 1.91.

The results from this study suggest that, in general, accounting practitioners in New Zealand are supportive of the inclusion of a component of liberal education in the admission requirements for the Institute. The level of support is higher than was suggested from the study of accounting practitioners in the Nelson region (Fowler and Malthus, 2003).

The authors considered that there could be differences in the practitioners’ views on liberal education depending on certain characteristics of the respondents. Therefore cross tabulations were performed to ascertain if there were differences based on:

1. the respondent’s age (less than 40 versus 40 or older);
2. the admissions policy under which the respondent qualified;
3. whether the respondent works for a Big 4 firm; and
4. size of office (> 5 partners/directors versus 5 or less partners/directors).

The results indicate that there were no statistically significant differences except in respect of the policy under which the respondent qualified. Table 3 shows that those respondents who qualified under the current admissions policy value the liberal education of Chartered Accountants significantly more than those respondents who qualified under a previous policy. This result is interesting as it suggests that those Chartered Accountants who have completed an academic programme with a component of liberal studies generally value the liberal studies they have undertaken. Alternatively, this may be simply because they have an emotional investment in the admissions policy under which they qualified, which included a component of liberal studies.

Mean result – current admissions policy	Mean result – previous admissions policy	Mean diff	t statistic	p value
1.59	1.93	-0.34	-2.024	0.044*

Table 3: Value of liberal education by admissions policy at date of qualification
Significant at p<0.05

The respondents were forthcoming in their reasons for supporting liberal education. The three most common reasons provided by respondents who were supportive were that liberal education provides a broader base of knowledge/wider breadth of education (26% of respondents who were supportive of liberal education), develops more rounded graduates (17%) and broadens a student’s thinking (12%). These views provide some support for the Institute’s rationale for introducing the liberal studies requirement on the grounds that the completion of liberal studies would introduce graduates to broader thinking (Marrian and Lothian, 1992; Whiley, 2003). The findings also support the calls that have been made by accounting academics such as Albrecht and Sack (2000) to broaden the knowledge of professional accountants.

The fourth most important reason for supporting a liberal component of education is the perception that it will result in improved communications skills (8%). The importance of communication skills to accounting professionals has also been stressed in a number of studies of the accounting profession (Arthur Andersen *et al.*, 1989; AECC, 1990; AICPA, 1998; Albrecht and Sack, 2000), and is a classification of professional skills required by IFAC in IES 3. Eight of the respondents (3%) who support a component of liberal studies support it if it includes the study of psychology or human behaviour, and a further twenty respondents said that it depended what they studied (although they did

not specify the most appropriate subjects). This is similar to the findings of the earlier New Zealand study of accounting employers (discussed in section 2.3.3 of the paper) that found the most preferred subject for liberal studies was English, followed by psychology (Perera *et al.*, 2002).

The seventeen respondents who qualified under the current admissions policy gave the following reasons for supporting liberal education of Chartered Accountants. Six of them believe it provides a broader base of knowledge, five that it develops a more rounded graduate, and three that it develops communication skills and gives students the opportunity to study something they are interested in.

The respondents were less forthcoming in explaining why they did not support liberal education. The most common reason provided was the view that Chartered Accountants do not need to study non-accounting/business studies because accounting is a technical discipline and studying non-technical subjects is therefore unnecessary and a waste of time (36% of those respondents who did not support liberal education). Other reasons provided by respondents for not supporting liberal education included:

1. Professional skills are developed from life/work experiences, not from liberal education (21%).
2. Professional skills are developed from accounting/business studies at tertiary level, not from liberal education (14 %).
3. Depends on individual (10%).
4. Takes too long (10%).
5. There is a sufficient range of tertiary accounting and business courses (5%).

In summary, even though the majority of the accounting practitioners who responded to the survey believe that liberal education is valuable, some suggested that it depends on the content of the liberal studies. Others do not support liberal education mainly because they believe it to be unnecessary and a waste of time.

5. Summary and Conclusions

One of the objectives of this study was to ascertain if accounting practitioners in New Zealand believe that professional skills, as identified by IFAC (2002), are more likely to be developed in accounting graduates who have undergone a four-year, full-time equivalent academic programme with a compulsory liberal component, compared with those who have not undergone such a programme. The results demonstrate that there is minimal support for IFAC's claim (2002, paragraph 23) that liberal education *can* contribute to the acquisition of professional skills.

Another objective of the study was to determine if accounting practitioners in New Zealand have perceived any differences in the professional skills, as identified by IFAC (2002), of their employees who have undertaken a component of liberal education in their accounting degree programmes. For each of the professional skills the majority of the accounting practitioners responded that they had observed no difference. However, for each professional skill listed, there were a small number of respondents who had perceived improvements in their staff who have completed the current academic component of the

Institute's admissions policy, particularly in the areas of problem solving, adapting to change, working with groups, interacting with a range of cultures, and written and oral communication. Of those who had perceived improvements in the professional skills of their staff, the majority believed that it was mainly due to the changes in the Institute's admissions policy.

In contrast, 82 per cent of those accounting practitioners who responded believe that a component of liberal education is valuable. The most common reasons given for supporting the liberal education of Chartered Accountants were that it provides a broad base of knowledge, which broadens a student's thinking and produces a more "rounded" graduate. The respondents' reasons for supporting liberal education are very similar to the Institute's motivation for introducing a compulsory component of liberal education, which was to introduce accounting graduates to broader thinking, and expose them to a range of skills not encountered in a narrow accounting education. However, there were a minority of respondents who believe that accounting education should be technically focused, or that the required professional skills are developed either through life or work experience or through accounting and business studies at a tertiary level, and therefore liberal education within a tertiary programme of study is unnecessary.

Nonetheless, as with any research, there are a number of limitations in this study. Firstly, given the issues relating to the difficulty of identifying a control group and the existence of intervening variables, the research objectives address perceptions. As with any study based on perceptions it must be acknowledged that the respondents will have their own preconceptions and prejudices, which may have influenced their responses, therefore strong conclusions should not be drawn from the results. There is also the risk that the changes in the professional skills of employees may be very subtle and therefore hard to measure, or that the employers may not be expert enough to recognise changes in the professional skills of their staff. It should also be acknowledged that there may be lag effect, in that the impact of changes to the Institute's admissions policy on the employees' professional skills may not have been seen yet by their employers.

In addition, the study does not consider the views of Chartered Accountants who are either not in public practice or who are currently working overseas, and who may have different views. It is also acknowledged that the professional skills, as identified by IFAC (2002), may have been developed in the accounting graduates as a result of variables other than the Institute's admissions policy. Information was sought concerning the personal profiles of the employers, however it is acknowledged that no information was obtained about the profile of the accounting graduates, whose professional skills have been considered by their employers; for example how long since graduation or how long has the graduate worked in public practice? Furthermore, it has been assumed that the accounting graduates have not completed honours or postgraduate programmes in accounting, as the requirement to complete a component of liberal education does not apply to these graduates.

Overall, the views of the respondents suggest that there is little support from accounting practitioners for the claim made by IFAC (2002) that liberal education contributes towards the acquisition of accounting candidates' professional skills. Therefore, these findings should be of interest to IFAC as they suggest that liberal education has minimal impact on the development of professional skills, and do not support the requirements in IES 3 that professional accountants should undertake a period of liberal education. These findings should also be useful to professional accounting bodies around the world who are considering or are in the process of liberalising their accounting educational programmes as they indicate that the incorporation of a liberal component may not have the benefits it is purported to have, especially given the costs involved to accounting students of undertaking this component of study.

Although a majority of respondents perceived no difference in the professional skills of their employees who had undertaken a component of liberal education, a small number of respondents perceived improvements in the professional skills of their staff. Of these the majority believed that it was mainly due to the changes made to the academic requirements for New Zealand Chartered Accountants in 1996. This suggests that the Institute can take some comfort from the knowledge that it is likely that the current admissions policy has had a small but positive effect on the professional skills of Chartered Accountants who have qualified under this policy.

The results also suggest that there is general support from accounting practitioners for including a component of liberal education in the academic requirements for Chartered Accountants. However, even though accounting practitioners believe liberal education to be valuable these results suggest that its inclusion in the academic programme makes only a small perceived difference to the graduates' professional skills. With the benefit of hindsight, given that the change in the academic requirements is costly in time and money for accounting students who are required to undertake a component of liberal studies and for New Zealand tertiary academic institutions one has to ask was it worth it?

References

- Accounting Education Change Commission, (AECC). (1990). Objectives of education for accountants: Position Statement Number One. *Issues in Accounting Education*, 5(2), 307-312.
- Albrecht, S.W. and Sack, R.J. (2000). *Accounting education: charting the course through a perilous future*. Accounting Education Series, 2, American Accounting Association, Sarasota, FL.
- Allen, W. (2005). 10 years with the IFAC Education Committee. *Chartered Accountants Journal of New Zealand*, 84(1), 13-15.
- American Institute of Certified Public Accountants, (AICPA). (1998). *The CPA vision project: 2011 and beyond*. Retrieved 3 December 2003 from www.cpavision.org.
- Armstrong, J.S. and Overton, T.S. (1977). Estimating non-response bias in mail surveys. *Journal of Marketing Research*, 14, 396-402.
- Arquero Montano, J.L.; Anes, J.A.D; Hassall, T. and Joyce, J, (2001). Vocational skills in the accounting profile: the Chartered Institute of Management Accountants (CIMA) employers' opinion. *Accounting Education*, 10(3), 299-313.
- Arthur Andersen & Co., Arthur Young, Coopers and Lybrand, Deloitte Haskins & Sells, Ernst & Whinney, Peat Marwick Main & Co., Price Waterhouse, Touche Ross (1989). *Perspectives on education: capabilities for success in the accounting profession*. New York.
- Axelrod, P., Anisef, P. and Lin, Z. (2001). Against all odds? The enduring value of liberal education in universities, professions and the labour market. *The Canadian Journal of Higher Education*, 31, 47-77.
- Colquhoun, P. (1991). *Ninety-five years of education for the profession: A history of accounting education in New Zealand*. Unpublished B.Com (Hons) paper, Victoria University of Wellington.
- Colquhoun, P. (1996). The first century. *Chartered Accountants Journal of New Zealand*, 75(2), 25-28.
- Cotton, W.D.J., Scott, G.W. and Rainsbury. E. (2002). Competency based professional accounting certification in New Zealand. *New Zealand Journal of Applied Business Research*, 1(1), 41-61.
- Crisp, G.A. (1972). *The educational policy of the New Zealand Society of Accountants: Influences that determined it, and criteria for future development*. Unpublished Master's thesis, Victoria University of Wellington.
- Fowler, C.J., and Malthus, S. (2003). Becoming a Chartered Accountant in the New Zealand Provinces, *New Zealand Journal of Applied Business Research*, 2(1), 13-29.
- Gaffikin, M.J. (1981). The development of university and professional accountancy education in New Zealand. *The Accounting Historians Journal*, 8(1), 15-36.
- Gray, H. (1981, October). The liberal arts revisited. Eighth David D. Henry Lecture. Illinois University: Chicago.
- Hickford, N. (2001, March). Extremes of fortune. *Accountancy*, 78-79.
- Institute of Chartered Accountants of New Zealand, (ICANZ). (2000a). *Admissions policy: Academic Component (CA College)*. Wellington: ICANZ.
- Institute of Chartered Accountants of New Zealand, (ICANZ). (2000b). *Statement of Academic Policy for Admission to Membership of the College of Chartered Accountants*. Wellington: ICANZ.
- Institute of Chartered Accountants of New Zealand, (ICANZ). (2003). *2003 Annual Report*. Wellington: ICANZ.
- Institute of Chartered Accountants of New Zealand, (ICANZ). (2004). *A Consultation Paper: Proposed modifications to the Institute's academic policy (CA College)*. Wellington: ICANZ.
- International Federation of Accountants, (IFAC). (1994). *2000 and Beyond: a Strategic Framework for Prequalification Education for the Accountancy profession in the Year 2000 and Beyond*. IFAC
- International Federation of Accountants, (IFAC). (1996). *International Educational Guideline Number 9*. IFAC.
- International Federation of Accountants, (IFAC). (2002). *Exposure Draft: Professional skills and general education*. IFAC.
- International Federation of Accountants, (IFAC). (2003). *International Education Standard for Professional Accountants: IES 3 Professional skills*. IFAC.

- International Federation of Accountants, (IFAC). (2004). *About IFAC*. Retrieved 11 January 2004 from www.ifac.org.
- Litz, C.E. and Bloomquist, B. (1980). Adult education: resolution of the liberal-vocational debate. *Lifelong learning: the adult years*, 3(8), 12-15.
- Lothian, N., and Marrian, I.F.Y. (1992). *New Zealand Society of Accountants: International review of admissions policy*, Report prepared for the New Zealand Society of Accountants.
- Nelson, I.T. (1995). What's new about accounting education change? An historical perspective on the change movement, *Accounting Horizons*, 9(4), 62-69.
- New Zealand Society of Accountants, (NZSA). (1984). *Horizon 2000 – and beyond*. Wellington: Society.
- New Zealand Society of Accountants, (NZSA). (1993). *Blueprint for the Future*. Wellington: Society.
- Perera, H., Chua, F. and Carr, S. (2002). *Customer focus as a determinant in designing accounting programmes: An empirical investigation into employers' perceptions*. Paper for presentation at the 14th Asian-Pacific Conference on International Accounting Issues.
- Previts, G.J. and Merino, B.D. (1979). *A history of accounting in America: An historical interpretation of the cultural significance of accounting*. Ronald Press: New York, NY.
- PricewaterhouseCoopers, (PWC). (2003). *Educating for the public trust: The PricewaterhouseCoopers position on accounting education*. Retrieved 5 December 2003 from www.pwc.org.
- Pryde, D. (2002). Institute council approves strategic platform. *Chartered Accountants Journal of New Zealand*, 81(11), 1-3.
- Robertson, B. (2000). Taking the lead in international education. *Chartered Accountants Journal of New Zealand*, 79(1), 23-25.
- Robertson, B. and Cotton, B. (2004). Charting our course. *Chartered Accountants Journal of New Zealand*, 83(1), 6-10.
- Stark, J.S. and Lowther, M.A. (1989). Exploring common ground in liberal and professional education. *New directions for teaching and learning*, 40, 7-19.
- Wallace, R. and Mellor, C. (1988). Non-response bias in mail accounting surveys: a pedagogical note. *British Accounting Review*, 20, 131-139.
- Wheeler Campbell Limited. (1993). *A new strategy for the New Zealand Society of Accountants: A discussion paper*. Wellington: Wheeler Campbell Limited.
- Whiley, P. (2003). *Academic policy review*. Academic committee agenda papers, 24 July 2003. Wellington: ICANZ.
- Whiley, P. (2005). Academic policy review. *Chartered Accountants Journal of New Zealand*, 84(1), 7.
- Zikmund, W.G. (1991). *Business research methods* (3rd ed.). Chicago: Dryden Press.