Accounting education in developing countries: the case of Sri Lanka

P. W. Yapa

University of Wollongong

Recommended Citation
Accounting Education in Developing Countries: The Case of Sri Lanka

A thesis submitted in fulfilment of the requirements for the award of the degree

Doctor of Philosophy

From

The University of Wollongong

by

P.W. Senarath Yapa

B.Com (Special), University of Sri Jayewardenepura (Sri Lanka), Postgraduate Diploma in Population Studies (University of Colombo), MBA (Leuven, Belgium)

Department of Accounting and Finance
University of Wollongong, Australia
March 1999
ACKNOWLEDGMENTS

This research was pursued under the supervision of Associate Professor Hema Wijewardena. He has put an enormous amount of time in guiding me and providing intellectual insights most constructively into this study. For this, I am deeply indebted to him.

I am grateful to Professor Michael Gaffikin, the Head of Department of Accounting and Finance for the most supportive academic environment he provided. I have benefited greatly from his views and suggestions pertaining to some aspects of this research. My sincere appreciation is extended to Associate Professor Michael McCrae for his valuable suggestions with regard to the research methodology. I am also thankful to my colleagues and friends in various departments and faculties of the University of Wollongong for their encouragement.

My appreciation also goes to the participants of the questionnaire survey and interviews for their important contribution to the output of my field research. In this regard, I must acknowledge with gratitude the support given by Mr. M.W. Wickramaarachchi, Head of the Department of Accounting and Finance at the University of Sri Jayewardenepura, Sri Lanka in establishing all the necessary contacts before and during the field research.

Finally, my wife, Savi and two children (Shanaka and Shalini) deserve a very special word of acknowledgment. They sacrificed a lot and supported me during the entire period of this study.

P.W.Senarath Yapa
# Table of Contents

Abstract .................................................................................................................................... xvii

**Chapter One**: Introduction........................................................................................................ 1
  1.1 Statement of the Problem....................................................................................................2
  1.2 Purpose of the Study........................................................................................................... 6
  1.3 Research Methodology........................................................................................................ 7
  1.4 Need for the Study...............................................................................................................8
  1.5 Limitations of the Study....................................................................................................10
  1.6 Organisation of the Study.................................................................................................11

**Chapter Two**: Accounting Education in Developing Countries : A

  **Literature Review**

  Introduction.................................................................................................................................14
  2.1 Economic Development and Accounting...........................................................................15
  2.2 Transfer of Accounting Technology from Developed Countries.................................18
  2.3 Inapplicability of Western Accounting Technology to DCs.........................................21
  2.4 Studies on Accounting Education Issues in DCs............................................................25
    2.4.1 Country studies...................................................................................................26
    2.4.2 Co-operation between universities and the accounting profession.......................34
    2.4.3 General studies...................................................................................................39
2.5 Approaches Suggested in the Literature for Improving Accounting Education in DCs

2.5.1 Designated transfer agents

2.5.2 Economic Evaluation Accounting (EEvA)

2.5.3 Economic Development Accountancy (EDA)

2.5.4 Two-tiered Education System (TES)

2.5.5 Dependency, Self-Reliance (without foreign assistance) and Self-Reliance (with foreign assistance) approach

2.5.6 The integrated, the Linear, and the Parallel System

2.5.7 Access to Professional Designation IFAC

2.6 Summary of Studies on Major Accounting Education Deficiencies in DCs

Chapter Three: Historical Development of Accounting Education in Sri Lanka

Introduction

3.1 An Overview of the Economy

3.2 Development of Accountancy During the Colonial Period

3.2.1 Ceylon Technical College

3.2.2 Accountancy Board of Ceylon

3.3 Post-Independence - Development of Accountancy

3.3.1 Ceylon Technical College

3.3.2 Junior Technical Colleges

3.3.3 The Institute of Chartered Accountants of Sri Lanka (ICASL)
3.4 Accounting Education at the University Level.....................................................84
3.5 Association of Accounting Technicians of Sri Lanka........................................86
3.6 Education System in Sri Lanka...........................................................................87
  3.6.1 Accounting education within the high school................................................88
3.7 The Government Accounting Service in Sri Lanka...........................................90
3.8 Summary..............................................................................................................92

Chapter Four: The Nature and Status of the Current System of
Professional Accounting Education in Sri Lanka

Introduction.................................................................................................................94

4.1 The Institute of Chartered Accountants of Sri Lanka (ICASL)..............................94
  4.1.1 Membership of the ICASL.............................................................................95
  4.1.2 Migration of accounting professionals.......................................................103
  4.1.3 Registered students at ICASL....................................................................104
  4.1.4 Educational requirements for professional membership............................107
  4.1.5 Examination results....................................................................................119
  4.1.6 Affiliation with other professional bodies..................................................124
  4.1.7 Curriculum revisions of ICASL..................................................................124
    4.1.7.1 Introduction of new syllabus in ICAEW since 1980's.......................133
  4.1.8 Practical training..........................................................................................141
    4.1.8.1 Old system of training...........................................................................141
    4.1.8.2 Committee of Future Training of Accountants -1973.......................147
    4.1.8.3 Present system of practical training.....................................................149
4.2 Summary ....................................................................................................................................... 153

Chapter Five: Accounting Education at the University Level

Introduction ....................................................................................................................................... 155
5.1 Establishment of Universities ................................................................................................. 155
5.2 National Education Committees and Subsequent Developments ........................................ 157
5.3 The Jayaratne Committee on Higher Education (1971) and the University reorganisation .......................................................................................................................... 162
5.4 The Tertiary Education System in Sri Lanka .......................................................................... 166
5.5 The University of Sri Jayewardenepura .............................................................................. 167
   5.5.1 Undergraduate programs in commerce and management ........................................... 169
   5.5.2 Postgraduate programs ................................................................................................. 176
   5.5.3 B.Sc (Accountancy and Finance) Special Degree ....................................................... 177
   5.5.4 University academics in accounting ........................................................................ 182
5.6 Summary ..................................................................................................................................... 184

Chapter Six: Review of Accounting Education Developments in a Few Other Countries With Similar Colonial Background

Introduction ....................................................................................................................................... 186
6.1 Accounting Education in Singapore ..................................................................................... 187
6.2 Accounting Education in New Zealand ............................................................................... 192
6.3 Accounting Education in Malaysia ....................................................................................... 199
6.4 Summary ..................................................................................................................................... 204
Chapter Seven: Research Methodology

Introduction ............................................................................................................................205

7.1 Sources of Information and Data ..................................................................................205

7.2 Population and Sample ................................................................................................. 206

7.3 Questionnaire Survey .................................................................................................... 207

7.3.1 Design of the questionnaire ......................................................................... 207

7.3.2 Pilot testing of the questionnaire .........................................................................208

7.3.3 Survey ................................................................................................................... 209

7.3.4 Interviews .............................................................................................................210

7.4 Statistical Techniques Used in the Analysis ................................................................212

7.5 Summary ........................................................................................................................ 213

Chapter Eight: Analysis of Results

Introduction ........................................................................................................................... 214

8.1 Demographic Data of Respondents to the Questionnaire ..........................................214

8.1.1 Academic and professional qualifications of respondents ..................................215

8.1.2 Experience in teaching and accounting practice ................................................216

8.1.3 Accounting practitioners, academics and CEOs by their sector of employment ....217

8.2 Statistical Analysis of the Questionnaire Data ............................................................219

8.3 Deficiencies of junior accountants as Observed by Accounting Practitioners and CEOs ............................................................................................................................... 220
Chapter Nine: Discussion of Findings, Conclusions and Recommendations

Introduction.................................................................252

9.1 Discussion of the Findings..................................................253

9.1.1 Inadequate supply of accountants.................................253

9.1.2 Excessively high failure rates at professional examinations......254

9.1.3 Deficiencies of junior accountants.................................255

9.1.4 Low quality of accounting education............................257

9.1.5 Obstacles to the development of accounting education.........264
9.1.6 Deficiencies of the accounting curriculum ................................................. 271

9.2 Conclusions .................................................................................................... 273

9.3 Recommendations .......................................................................................... 280

Appendices ............................................................................................................ 286

Bibliography .......................................................................................................... 312
List of Tables

Table 2-1: Extremely important accounting education problems and their extremely important contributing problems-Responses to the AAA's questionnaire.................................................................42
Table 2-2: Studies relating to accounting education in developing countries-1960's........................................................................................................53
Table 2-3: Studies relating to accounting education in developing countries-1970's........................................................................................................54
Table 2-4: Studies relating to accounting education in developing countries-1980's........................................................................................................54
Table 2-5: Studies relating to accounting education in developing countries-1990's........................................................................................................54
Table 3-1: Subjects offered in the Commercial Certificate and Higher Commercial Certificate for Book-Keepers..........................................................65
Table 3-2: The courses offered and the number of students enrolled during 1962 at the Ceylon Technical College, Colombo........................................72
Table 3-3: Subjects offered in the Diploma in Accountancy Course - Ceylon Technical College, Colombo 1964-1968......................................................73
Table 3-4: Subjects offered in the Diploma in Commerce Program-Ceylon Technical College, Colombo- (1964-1968)....................................................74
Table 3-5: Expansion of Technical Institutions : 1950 to 1995..............................76
Table 3-6: Commerce courses conducted in junior technical colleges in different parts of the country.................................................................77
Table 3-7: Courses of training conducted by institutions dealing with technical education in Sri Lanka .................................................................79
Table 3-8: Subjects offered under Higher National Diploma Courses...............80
Table 3-9: Existing facilities for education and training in Government Accounting.................................................................91
Table 4-1: Annual output of members in the ICASL ................................................. 97
Table 4-2: ICASL - Membership statistics - sectors of the economy ................... 98
Table 4-3: ICASL - Membership status - 1990-1996 .......................................... 99
Table 4-4: Country's population and the ICASL membership ............................ 100
Table 4-5: Age analysis of ICASL - Membership .................................................. 101
Table 4-6: ICASL - Membership by sex ............................................................... 102
Table 4-7: ICASL - Certificate to Practise ............................................................ 103
Table 4-8: Number of ICASL - Members - left the country ............................... 104
Table 4-9: Student enrolment statistics of ICASL: 1974-1988 ............................. 105
Table 4-10: Registered students at ICASL-1989-1996 ....................................... 106
Table 4-11: Gender distribution of ICASL registered students ......................... 107
Table 4-12: Candidates and their results at various examinations ICASL: 1993 - 1996 ................................................................. 120
Table 4-13: ICAEW examination results: 1965 - 1980 ...................................... 122
Table 4-14: ICAEW examination results: 1981-1996 ........................................ 123
Table 4-15: Subjects for the examinations of ICASL and ICAEW ........................ 125
Table 8-4: Academic and professional qualifications of accounting academics.... 216

Table 8-5: Teaching and professional experience of academics, practitioners and CEOs...................................................................................................... 217

Table 8-6: Number of accounting practitioners by their sector of employment...... 218

Table 8-7: Number of accounting academics by their rank of employment........... 218

Table 8-8: Number of CEOs by their designation..........................................................219

Table 8-9: Deficiencies of junior accountants as observed by accounting practitioners and CEOs................................................................................... 221

Table 8-10: Analysis of observed deficiencies of junior accountants by graduate and non-graduate accountants.......................................................... 225

Table 8-11: Analysis of observed deficiencies of junior accountants according to the teaching experience of accounting practitioners ..................... 226

Table 8-12: Reasons for not having a good quality of accounting education......... 230

Table 8-13: Most seriously lacking personal characteristics of junior accountants as perceived by all respondents......................................................... 234

Table 8-14: Factors contributing to the high failure rates of ICASL examinations.................................................................................................................. 236

Table 8-15: Importance of accounting subjects........................................................... 239

Table 8-16: Importance of other business related subjects .............................................242

Table 8-17: Obstacles to the development of accounting education in Sri Lanka............................................................................................................ 246

xv
List of Figures

Figure 2-1: Two - Tiered Education System (TES) ...................................................... 48

Figure 2-2: Models of accounting education .............................................................. 51

Figure 2-3: Access to professional designation- IFAC .............................................. 52

Figure 3-1: Structure of commerce education (including accounting education) within the university system in Sri Lanka ......................... 90

Figure 4-1: Requirements for the ICASL membership .............................................. 108

Figure 4-2: Training to become a Chartered Accountant- ICAEW .......................... 110

Figure 4-3: ICASL membership avenues for other local professional qualifications 113

Figure 4-4: ICASL membership avenues for British professional qualifications 115

Figure 4-5: Exemptions scheme of ICASL ............................................................... 116

Figure 5-1: University education in commerce/management/accounting ............ 168

Figure 6-1: New Admission Policy of NZSA ........................................................... 197
ABSTRACT

Nearly one hundred and fifty years of (1796-1948) of British rule has created a significant long lasting impact on the entire educational structure of Sri Lanka. Accounting education, which was introduced to Sri Lanka in the middle of the nineteenth century by British accountants, is a classic example of this colonial influence. Even after gaining political independence, accounting education in Sri Lanka has continued to follow the old British model for producing local accountants. However, from the inception, there has been strong criticism that the accounting education system in Sri Lanka has not been appropriate and adequate for the country. Nevertheless, no systematic study has ever been done to verify the validity of this criticism.

The present study examined the nature and deficiencies of accounting education in Sri Lanka and the causes of deficiencies on the basis of secondary data collected from the existing sources and primary data obtained through a questionnaire survey and interviews conducted on a sample of accounting academics, practitioners and chief executive officers working in various organisations in the country.

The findings of the study have revealed a number of serious deficiencies in the accounting education system of Sri Lanka. The non-existence of a continuing assessment system, the lack of qualified teachers, the low level of reading due to inadequate knowledge of English and non-availability of textbooks in local languages, the heavy examination orientation, the lack of relevance of education to practice, the limiting of most students' learning efforts to reading of lecture notes, the excessive emphasis on technical and procedural aspects with less attention to analytical and problem-solving areas, the ineffective teaching methods, the deficiencies in accounting curricula, the failure to attract high quality students into professional accounting education, and the non-recognition of accounting degrees for professional membership are some of the deficiencies identified in the study. The study has also indicated that most of these deficiencies are attributable to the continuous adoption of the outdated British system of producing accountants only through educational programs and examinations of the professional accounting bodies. Finally, the study presents a set of recommendations as remedial measures for minimising the deficiencies and improving the system.
CHAPTER ONE

INTRODUCTION

Almost all developing countries which have been colonies under powerful Western rulers for a considerable length of time inherited their accounting education from a colonial system. Accounting practice, which is a product of the education and training given to prospective accountants, was also imposed in these countries by developed Western countries initially through colonialism and then through the operations of transnational corporations, professional accounting institutes and the special requirements in economic aid agreements, rather than in response to the accounting needs emanated from their social, cultural, political and economic conditions (Briston, 1978; Hove, 1986). Obviously, the accounting needs of developing nations differ vastly from those of advanced economies. However, even after gaining independence, the colonial influence on accounting education and practice continued to thrive in most of these countries through the above channels. For example, despite the existence of good quality universities and technical colleges, some of these developing countries continued to follow the colonial system of producing accountants only through professional bodies. Moreover, accounting education programs adopted by most of the foreign as well as local professional bodies have been based on curricula and examinations suitable for producing accountants for developed Western economies. Consequently, accounting education in many developing countries has not been appropriate and adequate for meeting the accounting needs of their changing economies (Enthoven, 1973; Jensen and Arrington, 1983; Hove, 1986; Briston, 1978; Wallace, 1990; Gray et al, 1994).
Sri Lanka provides an interesting case study of a developing country that inherited her accounting education from the British system during a colonial period of about one hundred and fifty years and has continued to follow the same system even after fifty years of independence. As such, accounting education in Sri Lanka, which is characterised by many of the colonial features mentioned in the previous paragraph, has been subject to strong criticism (Perera, 1975; Briston, 1978; Wijewardena and Yapa, 1998). Based on the findings of a systematic empirical investigation, a detailed analysis of the historical development, the current status and the deficiencies of accounting education in Sri Lanka along with possible remedial measures is presented in this thesis.

1.1 STATEMENT OF THE PROBLEM

Sri Lanka was a British colony for nearly one and a half centuries until its independence in 1948. Consequently, its general education from the primary to the university level was inherited from the British education system, and accounting was no exception. The British system of accounting education was imposed on Sri Lanka during the colonial period through several channels such as (1) the export of British accounting personnel, (2) the export of British accounting qualifications, (3) the establishment of examination centres in Sri Lanka for British professional accounting bodies, and (4) the providing of on-the-job training to local staff by British accountants.

Until the establishment of the Institute of Chartered Accountants in Sri Lanka (ICASL) in 1959, prospective accountants in Sri Lanka had to depend entirely on a few professional accounting bodies in the United Kingdom to obtain their professional qualifications. Since then, the ICASL as the local professional body has been the centre of accounting education in Sri Lanka. However, after the setting up of this professional body even though chartered accountants could be produced locally as well, the method of education and training adopted for producing such accountants continued to be the
same as that of the Institute of Chartered Accountants in England and Wales. Following the British system, the ICASL introduced its own professional examinations and only those who passed those examinations and successfully completed a five-year period of practical training as articled clerks under the supervision of chartered accountants (called principals) were to be admitted to the membership of the Institute as ‘Chartered Accountants’. The ICASL was also engaged in providing a study program to its registered students for enabling them to prepare for the intermediate (Licentiate) and final (Professional) examinations. Both formal education and on-the-job training adopted by the ICASL stressed conformance with the requirements of the Companies Ordinance which was modelled on the British Companies Act of 1929. Consequently, a heavy emphasis was placed on the legal and auditing aspects of accounting with an emphasis on the technical or mechanical aspects of accounting (Perera, 1975).

Until recently, the system of ‘articles’ played a major role in the whole program of education and training provided by the ICASL. Under the terms of this training scheme, the principal was expected to allow study-time and provide on-the-job training for the trainee called ‘articled clerk’. Since this system was adopted from the U.K. it was generally assumed that training under articles was adequate for local requirements, even without any monitoring of the type of training received by an articled clerk. However, experience indicated that articled clerks were often used for mechanical and routine work that could be handled by book-keepers or others of more limited capacity. They were seldom given challenging work or real responsibility (Perera, 1975). Furthermore, in 1973, the Report of the Committee on the Future Training of Accountants in Sri Lanka pointed out that the system of accounting education and training based almost exactly upon that of the British chartered accountant was inadequate for the country’s needs and proposed instead a much more flexible and
relevant system (Accountant, 1973; Manoharan, 1974). In response to the recommendations of this committee, the ICASL changed the name of its training scheme from ‘articles’ to ‘practical training’ and reduced the duration of training from 5 to 3 years for university graduates and 4 years for non-graduates. It is interesting to note that this reduction in the duration of practical training was nothing more than directly following the same change that had been introduced previously by the Institute of Chartered Accountants of England and Wales (ICAEW, 1997). As a response to the comments made by the above committee, the ICASL also introduced a new examination structure in 1976. However, according to Briston (1978), the new structure was “a rehash of traditional accounting subjects rather than a fundamental reassessment of the subjects in which a qualified accountant should be skilled”. Similarly, even though the ICASL revised its curriculum several times after 1976, the revised curricula have also been almost identical with the revised curricula of the ICAEW. As such, the curricula adopted by both foreign and local professional bodies for producing local accountants have been subject to criticism that they have not been designed to suit the local needs.

From the inception, the ICASL restricted the professional qualification only to those who passed its own examinations in addition to completing the required period of apprenticeship training. However, the average rate of failure at these examinations has been over 75 per cent (ICASL Annual Report, 1994). Accordingly, in 37 years from 1959 to 1996 the ICASL has been able to produce only 1,759 professional accountants with an annual supply as low as 48. Since 597 of these accountants have left the country for employment abroad, the actual number of professionally qualified accountants working in Sri Lanka amounted to only 1,162 in 1996 (ICASL, 1996). Even when the accountants with British qualifications such as ACMA, ACCA and ACA
are added to this figure, the total number of professionally qualified accountants working in Sri Lanka seems to only around 2,000. For a country with about 18 million people, this is grossly inadequate. By contrast, Australia with a similar size of population has over 100,000 professionally qualified accountants.

Mainly due to the difficulty of obtaining local professional qualifications in accounting, many school leavers have continued to depend on foreign professional bodies to acquire professional qualifications. Even today they enrol in large numbers for locally conducted examinations of several British professional bodies. In order to prepare for these foreign examinations, they depend mostly on classes conducted by private academies. While a considerable number of these candidates have become qualified accountants, many others who completed only some parts of the examinations have been employed in junior accounting positions in numerous organisations in the country. It is common knowledge that all these foreign professional examinations are based on the subject matter applicable to the British economy, which is vastly different from that of Sri Lanka. Thus, a considerable amount of subject matter covered in the above examinations is not useful and relevant to a Sri Lankan accountant. For example, some of the subjects like British Taxation and British Company Law are almost totally irrelevant. As Professor Enthoven (1973) warned a quarter century ago, one should not assume that what might be good accounting for developed countries will automatically be relevant and good for an developing nation and its development process. For accounting to be an effective contributor to the country’s economic development, what prospective accountants study must be relevant to the social, political, legal, and economic conditions within which they operate (Briston, 1978; Hove, 1986). As such, the accountants produced through studies and examinations based on a developed Western country are unlikely to be able to adapt themselves fully to contribute
effectively towards meeting the needs of the developing economy in Sri Lanka. On the other hand, a large amount of valuable foreign exchange has been flowing out of the country every year for the payment of registration, examination and course fees of British professional accounting bodies and correspondence colleges. In addition, students have to pay exorbitant tuition fees to local private academies and British correspondence colleges in preparing for these foreign examinations. Nevertheless, most of the private academies which conduct classes for these students do not have the necessary educational facilities and depend almost entirely on part-time teachers. As such, it is unfortunate that the Sri Lankan accounting profession is still depending so heavily on foreign accounting qualifications even after fifty years of independence.

As briefly discussed in the preceding paragraphs, many hold the view that accounting education in Sri Lanka suffers from a number of serious weaknesses. These weaknesses hamper the development of an effective accounting profession which is essential for maximising accounting’s contribution to economic development of the country.

1.2 PURPOSE OF THE STUDY
The purpose of this study is two-fold. Firstly, it aims to examine the status of accounting education in Sri Lanka. To place the analysis in proper context, it begins with an investigation of the historical development of accounting education at the tertiary and professional levels. Then, it attempts to provide a detailed analysis of the current status of the system with an emphasis placed on the identification of its weaknesses and their causes. This is to be achieved on the basis of the available information and the views obtained from a sample of accounting academics,
practitioners and chief executive officers who are familiar with accounting education and practice in Sri Lanka.

Secondly, the study attempts to formulate some recommendations which would assist the authorities in taking suitable steps to overcome the weaknesses and improve the existing system of accounting education in Sri Lanka. In formulating these recommendations, the local conditions as well as the experiences of a few other countries that have been able to overcome similar deficiencies and problems in their accounting education systems are to be taken into consideration.

1.3 RESEARCH METHODOLOGY

Research studies may be classified as descriptive, conceptual, or hypothesis-testing. The descriptive method has been applied in this study. Jaggi (1973) defines this method of research in accounting as:

Descriptive studies provide information regarding the present state of the art of accounting. These are usually exploratory in nature and attempt to determine the status of a particular discipline in a country. Such studies are generally based on primary sources of information....Descriptive studies can also be based on secondary data obtained from existing sources. Interview and survey techniques, however, can be more effective in providing useful and relevant data (1973, p.160).

Accordingly, the methodology followed for achieving the purpose of this study comprises the following:

1. The available literature was reviewed to determine what other researchers have observed and concluded about the nature, importance, and problems of accounting education in developing countries, including Sri Lanka.

2. A number of libraries and officials in selected government and non-government organisations in Sri Lanka were consulted to collect information and data on the historical development and present state of accounting education at professional
and university levels in Sri Lanka. In particular, the publications and documents obtained from the Institute of Chartered Accountants of Sri Lanka, the Institute of Chartered Accountants in England and Wales, the Chartered Institute of Management Accountants (UK), the University Grants Commission, the Colombo Securities Exchange, the Ministry of Education and Higher Education, the Sri Lanka Technical College, the Colombo Public Library, and the universities of Sri Lanka were utilised for this purpose. The researcher's long experience in university education and administration in Sri Lanka was also useful in this research.

3. A questionnaire survey was used to obtain the views of accounting educators, practitioners and chief executive officers of relevant organisations in Sri Lanka on the deficiencies of the country's accounting education system, the causes of deficiencies, and the steps that could be taken to improve the system. The initial questionnaire was pilot tested on a small group of respondents. Based on their comments and suggestions, the questionnaire was finalised and printed in three sets to suit the three groups of respondents. The total sample comprised 40 accounting educators, 300 accounting practitioners and 20 CEOs.

4. Particularly for the purpose of obtaining more unbiased qualitative information and independent views on the issues involved and the development of professional and university-level accounting education in Sri Lanka, the researcher conducted face-to-face interviews with 14 accounting educators, 17 practitioners and 15 CEOs. An unstructured questionnaire was utilised for these interviews.

5. Descriptive statistics and ANOVA were used where necessary for analysing the survey data.

1.4 NEED FOR THE STUDY

As discussed previously in this chapter, accounting education in Sri Lanka has been criticised for its irrelevance and ineffectiveness (Perera, 1975; Briston, 1978). However, some of these criticisms tend to be supported by anecdotal rather than systematic
empirical evidence. No comprehensive study has ever been conducted to investigate into the deficiencies and their causes in respect of accounting education in Sri Lanka. Therefore, there is certainly an urgent need for this type of a study.

Some of the weaknesses of the Sri Lankan accounting education system undoubtedly prevent it from producing competent accountants in sufficient numbers. If remedial measures are not taken without further delay to overcome those weaknesses, accounting is unlikely to be able to contribute its share in solving the problems of economic development even in the future. However, unless the actual weaknesses and their causes are correctly identified through a systematic empirical investigation, no remedial action is possible. Therefore, the findings of this study may be able to draw the attention of the Sri Lankan authorities to this seemingly neglected area of education and provide them with at least a basis for taking suitable steps to overcome weaknesses and improve the system. In addition, the information provided in this thesis and the results it reveals can be useful to accounting educators, educational institutions and professional bodies in designing and offering more effective programs of studies in accounting.

Accounting research is extremely limited in Sri Lanka. As a matter of fact, this study is the first of its kind. Nevertheless, the amount of contribution that good research can make towards the development of a country's accounting education and practice is enormous. As such, while contributing to the accounting literature, in general, and the development of the country's accounting education, in particular, this study should provide a basis for further research on accounting education in Sri Lanka.
1.5 LIMITATIONS OF THE STUDY

The following limitations are applicable to this study:

- The term 'Accounting Education' is used in this study in a broader sense to encompass all activities involved in imparting knowledge in accounting and enhancing relevant skills and attitudes through educational courses as well as training programs conducted by various types of tertiary institutions. Accordingly, the basic accounting education provided to students by the country’s secondary schools through the inclusion of accounting as a subject in their school curricula is not taken into consideration in this study. Furthermore, it is important to note that even though the tertiary institutions involved in providing accounting education in Sri Lanka includes several organisations such as professional accounting bodies, universities, technical colleges and private academies, the study concentrates on the professional bodies and universities because they are the most important providers of accounting education in most countries.

- The focus of the study is on the current structure of the accounting education system and its weaknesses. Thus, issues associated with teaching and assessment are not addressed in this study.

- The group of accounting educators selected for the survey includes all the full-time staff engaged in teaching accounting subjects in Sri Lankan universities. But the visiting lecturers who work on part-time basis are not included in this group for pragmatic reasons. Similarly, since the ICASL does not have full-time teachers on its academic staff, practising accountants who function as its visiting lecturers are not included in the above group. However, most of these visiting lecturers are included in the sample of practising accountants. For pragmatic reasons, only 20 CEOs and 300 practising accountants consisting of members of the Institute of Chartered Accountants (Sri Lanka), the Chartered Institute of Management Accountants (UK), and the Chartered Institute of Certified
Accountants (UK) were selected as the other two groups of respondents in the sample. The total responses received from accounting educators, practitioners and CEOs amounted to 40, 160 and 20 respectively. As such, because of the limiting of accounting educators to full-time university staff and the small size of respondents, this study does not claim to be representative of the views of all accounting educators, practitioners, and CEOs in the country.

1.6 ORGANISATION OF THE STUDY

The study has been organised in nine chapters. The first chapter provides an introduction to the study, highlighting the nature of the problem, the purpose of the study, the research methodology, the need for the study and the limitations of the study.

In Chapter 2, the literature relating to accounting education in developing countries (DCs) is extensively reviewed. The focus of this review is on the deficiencies and problems encountered by various DCs in respect of their university and professional accounting education. In this chapter, the major deficiencies as observed by various writers over the past four decades are summarised in chronological order to identify their common features as well as differences.

Chapter 3 gives an overview of the historical development of accounting education in Sri Lanka before and after the independence. It shows how Sri Lanka inherited its accounting education from the British initially through colonial administration and subsequently through several other channels.

Chapter 4 focuses on the current status of professional accounting education in Sri Lanka. It begins with an overview of the aims and objectives of the Institute of Chartered Accountants in Sri Lanka (ICASL), and deals with several important aspects such as membership criteria, migration of accounting professionals, statistics of
registered students, educational options for professional membership, examination results, affiliation with other professional bodies, and curriculum revisions. The chapter also compares the curriculum of the Institute of Chartered Accountants in Sri Lanka with that of the Institute of Chartered Accountants in England and Wales.

Chapter 5 examines the development of undergraduate accounting and related degree programs in various universities in Sri Lanka. The courses offered through different degree programs are examined with an emphasis placed on accounting curricula and student numbers.

Chapter 6 presents an overview of the experiences of Singapore, New Zealand and Malaysia to understand how those countries have gradually moved away from the colonial system to make their accounting education more relevant and effective in the context of local needs. The purpose of this overview is to see whether Sri Lanka can learn from the experiences of other countries.

Chapter 7 is devoted to explain the methods and procedures adopted for collecting and analysing information and data for the study. In essence, the questionnaire survey and the interviews conducted for obtaining the views of accounting educators, practitioners and CEOs are described in this chapter. The chapter also explains the statistical techniques used for processing and analysis the survey data.

An analysis of the survey data to address the main issues involved in the study is presented in chapter 8. The data analysis is basically divided into two sections. The first section includes a demographic description of the accounting educators, practitioners and CEOs who participated in the survey. Based on the survey data, a statistical analysis of various issues relating to accounting education in Sri Lanka is presented in the second section.
Chapter 9 provides a discussion of the findings and conclusions of the study along with some recommendations, showing the possible steps to be taken to improve the existing system of accounting education to make it more relevant and useful to the economy of Sri Lanka.
CHAPTER TWO

ACCOUNTING EDUCATION IN DEVELOPING COUNTRIES: A LITERATURE REVIEW

INTRODUCTION
Two-thirds of the world population today live in Developing Countries (DCs). The United Nations, the World Bank, the International Federation of Accountants (IFAC), the United States Agency for International Development (USAID) as well as publications of several other international, national and regional organisations, seminars, symposia and conferences have responded in various ways to the issues associated with accounting education and practice in DCs.

Before attempting to examine the nature of accounting education in DCs as viewed by many researchers, it is important to consider the meaning attached to the term Developing Countries (DCs). The countries referred to as DCs are those located in the so called Third World. The Third World refers to the countries that do not belong to the Western world centred on the US, or the Eastern world centred on the USSR (Perera, 1989a). Accordingly, DCs are mostly found in Asia, Africa, the Middle East, and Oceania. Although these countries have been categorised as DCs and share certain common characteristics of underdevelopment, there are disparities in terms of their economic performances, population, cultures and political and economic systems which are subject to change from time to time. Therefore, it is difficult to find an accurate demarcation of these countries. As such, this review of literature is confined to studies based on the countries that have been identified by their authors as ‘developing’, ‘third
Chapter Two: Accounting Education in Developing Countries - A Literature Review

world’ or ‘less developed’. Since a few of those countries have recently been recognised as ‘Newly Industrialised Countries’ (NICs), studies on accounting education in such countries are also included in this review.

The main focus of many research into accounting education and practice in DCs in 1960s has been on the potential contribution of accounting to economic development (Enthoven, 1965; 1967). This was followed by some studies aimed at identifying the merits of transferring accounting technology from developed countries to DCs as a means of enhancing accounting education and practice in these countries for enabling them to make use of accounting for their economic development. Contrary to this, however, focusing on the cultural differences and specific needs of DCs the next series of studies examined the harmful effect of transferring Western accounting technology to DCs. Apart from this, many other studies concentrated on accounting education issues in general and constructive strategies and suggestions for improving accounting education and practice in DCs in accordance with their cultural needs and changing circumstances. Based on these developments, the relevant literature on accounting education is reviewed in this chapter under the following topics: (i) Economic development and accounting, (ii) Transfer of accounting technology from developed countries, (iii) Inapplicability of Western accounting technology to DCs, (iv) Studies on accounting education issues in DCs, and (v) Approaches suggested in the literature for improving accounting in DCs.

2.1 ECONOMIC DEVELOPMENT AND ACCOUNTING

After the second world war, the problem of economic development became a major global issue particularly in respect of countries in the Third World. Individual researchers and international organisations such as United Nations and World Bank, through their various agencies, conducted many studies on the problems and causes of
underdevelopment in DCs. Poverty, unequal distribution of wealth, unemployment, low level of capital formation and poor condition of housing and other essential facilities for vast majority of people, high population growth, and low productivity were identified as some of the major problems in these countries. Therefore, they stressed the urgent need for embarking on economic development programs to improve living standards in DCs. However, the lack of reliable, timely and accurate information required for decision making purposes was diagnosed as one of the basic constraints for planning and implementing such development programs in these countries. Accordingly, the importance of accounting as an information system was emphasised by many writers who examined the relationship of accounting to economic development in DCs.

Enthoven in a pioneering article on this subject stated that:

Accountancy has a dual effect on economic development. On one hand, it is the basis for generating sufficient investor confidence to stimulate the flow of investment capital and restrict unproductive savings practices. On the other hand, effective accounting techniques are a necessary prerequisite to the efficient use of capital. Both aspects are important and will play a role in a nation's economic programming and in the national accounting on which it is based (1965: 31).
The area of accountancy which is most important to the economic development process is industrial (cost or management) accountancy. This area assists development programming in determining and improving efficiency and productivity; selecting the optimum products; assessing the scale of production to established; setting price policy; inventory valuation and control; allocation of costs to proper sectors and products; plant utilization; remuneration of the factors of production; product feasibility; and many other vital aspects needed for efficient, productive, and profitable operations. The efficiency and effectiveness of such accountancy at the micro level will clearly leave its impact at the aggregate level and on the country's economic development course (1967:109).

In addition to Enthoven (1965, 1967, 1973 and 1981a) several other researchers (Engleman, 1962; Lowe, 1967; Seidler, 1967; Scott, 1970; Samuels and Piper, 1985) as well as accounting bodies (AICPA, 1964; AAA,1976,1978) have examined the role of accounting in economic development. For example, Scott (1970) explored several dimensions of the accounting and development relationship at both micro and macro levels and then used this relationship as the basis for putting forward conclusions suggesting what governments, companies, and accounting bodies should do to ensure that accounting fulfills its role in the economic development process in DCs. Scott also noted that development economists who wrote extensively on the causes of underdevelopment and the need for embarking on development programs and raising living standards in DCs failed to recognise the role of accounting in economic development. In this regard, he made the following remark:

This non-treatment of accounting appears to indicate that development economists are not aware of the importance of accounting to economic development; or that accounting is thought to be in some sense "given" in that it is considered unalterable, or is assumed to be either adequate, or adequately elicited as development proceeds(Scott,1970:viii).

Most of the above writers who examined the role of accounting in economic development also indicated that the shortage of skilled manpower in all professional fields including accounting was a major barrier to the effective implementation of
development plans in these countries. Therefore, they stressed the need for giving a priority in development plans to education and training of potential accountants in DCs.

2.2 TRANSFER OF ACCOUNTING TECHNOLOGY FROM DEVELOPED COUNTRIES

In the early 1960s, many researchers both in developed and developing nations held the view that transferring accounting technology from developed countries would be necessary for enhancing accounting education and practice in DCs and it could be achieved through financial and technical assistance from developed countries (Brookner and Heilman, 1960; Engelmann, 1962; Lowe, 1967; Salas, 1967; Chu, 1969). Salas (1967) conducted a comparative survey of accounting education and practice in several Spanish Latin American countries (Argentina, Bolivia, Chile, Colombia, Central Guatemala, Dominican Republic, Ecuador, Mexico, Paraguay, Peru, Uruguay, Venezuela and five other central American countries). In this study involving 136 universities in 17 countries, he concluded that most of the problems associated with accounting education in Spanish Latin America could be satisfactorily overcome by obtaining assistance from American universities. Similarly, in a study by Chu (1969) it was asserted that the shortage of accounting educators was a major barrier to the development of accounting education and practice in Taiwan and it could be overcome by setting up suitable exchange programs with developed countries.

The Committee on International Accounting Operation and Education of the American Accounting Association (AAA) suggested a framework of accounting educational assistance for DCs. The Committee held the opinion that the AAA could play a vital role in improving accounting education and practice in DCs (AAA, 1978: 79).
It is evident from numerous studies that accounting technology has been transferred to DCs from developed countries in the West in several different ways. Wallace (1990) has provided four possible explanations for this transfer. His first explanation points to the ‘void theory’ which suggests that in the absence of an organised body of knowledge in one country leads ultimately to the imitation of the systems of another country (Wilkinson, 1965: 3). The second explanation is the ‘direct investment theory’ which suggests that foreign direct investors can easily impose the accounting requirements of their countries in the recipient country (Wilkinson, 1965:12). The third explanation is the ‘dependency theory’ which suggests that former colonies find themselves bound and /or attached to the systems of the former coloniser (Seidler, 1967; Walton, 1986). The fourth explanation is the "bandwagon effect" which suggests that seemingly independent countries opt to follow the lead of another group of countries.

A study by Zeff (1972) reported that the Mexican accounting practice was influenced to a great extent by the US practice. Similarly, Hardman (1984) pointed out that the many South Pacific countries, especially Fiji and Solomon Islands, have been influenced by Australian and New Zealand accounting education and practice. Bait-el-Mal, Smith and Taylor (1973) observed the British and the US influence on Libyan accounting system. Mepham (1977) in a study on the development of accounting profession in Jamaica revealed how the Institute of Chartered Accountants of Jamaica has been influenced by international and British accounting standards. Markell (1985) observed that university accounting programs in Southern African Development Conference Countries (SADCC) have been heavily biased towards American accounting programs. Carmony (1987) in his study based on the Uruguayan case, reported that the majority of accounting influences originated from the US or the UK.
Although the English influence was strong in Uruguay during 1890s, with the subsequent military government its accounting and reporting practices were upgraded through regulation in accordance with the US accounting standards. Similar US influence was visible in the university accounting education system in Uruguay.

Five types of zones have been identified in the process of transferring accounting technology to DCs: British, Franco-Spanish-Portuguese, Germanic/Dutch, United States and Communistic (AAA, 1977 and 1980; Enthoven, 1983). This division of accounting systems into five historical zones of influence suggests that accounting education and practice underlying financial measurement and disclosure in different countries and regions depend on such historical variables as colonial experience and or colonial affinity. On the basis of this argument, many scholars asserted that the accounting systems have been moved from developed countries to DCs through colonial influence, political affiliations, powerful investors or multinational companies who invested large amounts of capital in these countries (Wilkinson, 1965; Radebaugh, 1975; Briston, 1978; Perera, 1980; Chandler & Holzer, 1984).

Another important fact is that English has become the second language of many DCs and accounting text books are rarely available in their local languages. Therefore, these countries invariably have to use British, American or Australian texts for accountancy education and training (Wallace and Briston, 1993; Ndzinge, 1994).

As discussed earlier, it is apparent from the reported studies that in most of the DCs education in accounting was initiated by colonial powers during the periods of their rule. Even after gaining independence most of these countries could not free themselves from these influences. For example, the influence of British accounting is still highly reflected on accounting education and practices in most of the Association of South East Asian Nations (ASEAN), India, Pakistan, Sri Lanka and Bangladesh.

2.3 INAPPLICABILITY OF WESTERN ACCOUNTING TECHNOLOGY TO DCs

Many issues on technology transfer to DCs have been widely viewed and debated in business and economics literature since the late 1960s (UNCTAD, 1974; Wallender, 1977; Hill and Still, 1980; Contractor and Sagafi-nejad, 1981). Basically, these discussions pointed out the process of manufacturing and scientific technology transfer and its impact on government policies and ways and means of adopting them in DCs. Transfer of accounting technology, however, has not been dealt with until recently.

A specific technology that is to be transferred from a developed country may be inappropriate or inapplicable in the host country if the technology package in that country is such that it cannot provide the necessary resources or manpower and linked techniques for the effective use of it. This argument has been on the limelight in many academic debates by accounting researchers and international accounting bodies during the last few decades (AAA 1978; Briston, 1978; 1984; Mirghani, 1982; Samuel and Oliga, 1982; Perera, 1989). According to these researchers, western accounting models would be incompetent in responding to the unique accounting problems in DCs. It has been argued that owing to major differences between western developed countries and DCs in terms of their social, economic and cultural conditions, western accounting system has apparently become a mis-match to DCs (Seidler, 1967; Samuel and Oliga, 1982; Mirghani; 1982; Briston, 1984; Perera 1985 and 1989; Hove, 1986; Mueller, 1988).
Seidler (1967) pointed out that the undergraduate program in business or accounting in Turkey was almost identical to the usual programs offered in American undergraduate business schools. He observed that the accounting graduates of Turkish universities were dissatisfied with their abilities to work in the national development programs. He also criticised the policy of transferring accounting curriculum and teaching materials from developed countries to DCs and warned that such a policy would not help in solving the problems of accounting education and practices in these countries. He further argued that DCs should take initiatives to develop accounting education to suit their own unique needs which result from their cultural and economic conditions. Over a decade later, Briston analysed the origins of accounting education and practice in DCs and concluded that:

So far no developing country has been able to construct a system of accounting designed primarily to meet its own information needs. In all cases, the external pressures referred to earlier have been too great, and western influences have dominated both education and practice (1978: 116).

Similar views have been expressed by Ogundele (1969), Gharatay (1978), Dev and Inanga (1978), Juchau et al (1986), Hove (1986), Wallace (1987) and Osiegbu (1987). In particular, Hove (1986) has shown that inappropriate accounting education and practices prevail in DCs mainly as a result of the imposition of such practices and systems by colonial masters. To support his arguments, he cited examples from Zimbabwe and several other DCs. Referring to the effect of accounting technology transfer on accounting education and training in DCs, Hove made the following remarks:

The role of British professional accountancy institutes in imposing their accounting practices on less developed countries is significant. That same influence was exerted on accounting education and training methods less developed countries. The result, as we see today, is overemphasis on the technical aspects of accounting to an extent that almost always produces technicians incapable of understanding the debiting and crediting procedures,
whether a better way exists, what the purpose of accounting is for their societies, and whether this purpose is being accomplished (1986: 96).

The Committee on International Accounting Operations of the AAA has also addressed the western influence on accounting education and practice in DCs and commented as follows:

The accountancy education pattern to be followed or set up must take into account economic aims and means. Merely to copy educational systems from abroad, without assessing them in the light of the countries' requirements, is not very useful. Furthermore, much that is adhered to abroad in education does not have general applicability in a technological age. It needs to be adapted in order to be adopted. The lack of this correlation between educational requirements and the socio-economic environment is one of the great weaknesses in many Third World economies (1978:19).

Another leading critic of the policy of accounting technology transfer is Mueller. According to him, the direct transfer of Anglo-American accounting technology to DCs has lead to an appalling waste of resources. He was consistent with the view held by several other scholars that only education and training systems developed specifically on the country basis, using indigenous sources, are the real hope for success in accounting education and practice in DCs (Mueller, 1988:81). Referring to the direct transfer of accounting technology, he remarked that:

In practice, however, the transfer mechanism is much like yesterday's colonialism-major elements of the Dutch accounting system, for example, were transferred to Indonesia, a former Dutch colony; the French system was transferred to former French colonies in Africa and the South Pacific; the British system to most Commonwealth member countries.

Supporting the views held by Hove (1986), Mueller was particularly critical of the use of foreign training and examination systems for producing local accountants in DCs and stated that:
The problem becomes especially acute when a specific domestic training and examination system, geared to produce a domestic professional qualification, is administered in developed countries to enhance the local supply of qualified accountants. It's really a form of accounting colonialism: these people are "qualifying" on someone else's terms and conditions (Mueller, 1988: 83).

Mueller (1988) also conceded that the international accounting organisations such as IFAC and ISAC are less likely to contribute sufficiently towards meeting the needs of DCs. For example, Briston and Hadari (1993) showed that the training model designed for DCs by the IFAC has been based on the UK education system and is not applicable to a developing nation like Indonesia which is significantly different from the UK in terms of many cultural and economic factors. Similarly, Donleavy (1994) examined the suitability of the IFAC's codified education guideline Number 9 (IGE 9) to less developed countries and pointed out that IFAC's key stipulations have been highly influenced by the Anglo-American accounting education and practice. His observations indicated that IFAC has not considered cultural and economic conditions of less developed countries in formulating its education guidelines (1994:93).

Scholars such as Gray (1988) and Perera (1989b) pointed out that several factors such as cultural values, business environment, business ownership structures and attitudes towards information disclosure in DCs differ vastly from those in developed countries in the West, and therefore, accounting education and practice transferred from such countries cannot be used effectively in DCs. Accordingly, they emphasised that DCs must develop accounting education and training programs as well as accounting practices to suit their own cultural and economic needs.

An empirical study by Secord and Su (1994) examined the possible effect of culture on accounting in several Asian countries. The results of their study revealed that culture has important influence on accounting and disclosure practices in these countries. In 1995, Pok added to this view by providing the results of a research on the
effect of culture on accounting education in Papua New Guinea (PNG). He concluded that the nationality (i.e. developed countries or developing countries and PNG nationality) and the place that accountants received their last education are two important cultural issues that should be considered by policy makers when developing accounting education policies for PNG (Pok, 1995:177).

2.4 STUDIES ON ACCOUNTING EDUCATION ISSUES IN DCs

Apart from the debate centred around the applicability or inapplicability of western accounting technology to DCs, the accounting literature is replete with academic discussions on the deficiencies in accounting education in these countries. While some of these discussions concentrate on issues common to all DCs, most of them address the problems specific to individual country situations. Perera (1975,1989b) argues that accounting practice is largely a product of the education and training given to accountants and if the level of accounting education is low in a given country, it cannot be expected that accountants will exercise mature judgement in accounting matters. Studies conducted by Ninsuvannakul (1966) in Thailand, Elliot et al (1968) in Latin American countries, Markell (1968,1985) in Israel and Botswana, Jaggi (1970) in India, Ghartey (1978) in Ghana, Shuaib (1985) in Kuwait, Chaderton (1990, 1994) in Caribbean countries, Rivera (1990) in Panama, Juchau, White and Hopkins (1986) in Southwest Pacific Region, Wallace and Pendlebury (1994) in African countries and Nadzing (1994) in Southern African Development Conference Countries, Mathews Committee (DEET,1990) in Australia are some of the examples. Most of the authors in these studies have concurred that accounting education and practice in DCs is not geared to the related economic and cultural needs. Thus, there is a common consensus among these authors that accounting education and practice in DCs is weak and needs improvement (Wallace and Briston, 1993). Furthermore, in many countries, the demand
for qualified accountants and accounting academics exceeds the supply. The expanding need for a more systematic accounting education system is apparently handicapped mainly due to the shortage of accounting academics and relevant instructional materials. Evidence shows that most educators are compelled to use British, American or Australian text books since there are no locally published texts. It is obvious that such text books have no direct relevance to their own environments. As such, enhancement of accounting education to suit the local requirements is considered by the above authors as a prerequisite to improving accounting practice in DCs. A brief review of major studies of these authors on country basis is presented in the rest of this section.

2.4.1 Country studies

Thailand

Ninsuvannakul (1966) reported that university accounting education in Thailand had commenced before 1935; in fact, earlier than in some developed countries. Despite this earlier start, Thai accounting education and practice need greater impetus to compare favorably with those existing of developed countries. For example, according to this author, Thai accounting 'has no code of ethics, no uniform auditing standards and procedures, and no generally accepted accounting principles.' Several other writers such as Holzer and Trembly (1973), Whittle (1980) and Indaravijaya (1981), and Akathaporn, Novin and Abdolmohammadi (1993) have also examined various aspects of accounting education and practice in Thailand. Among them, the study by Akathaporn et al (1993), which is based on the perceptions of 285 Thai accounting educators and professionals, is particularly noteworthy. The results of this study indicate that the country suffers from a lack of adequate number of accounting instructors, suitable curricula and relevant text books.
Latin American countries

Elliott et al (1968) reviewed the nature and stages of accounting development in four Latin American countries: Chile, Colombia, Mexico and Peru. They identified several similarities and differences in accounting education, and professional and reporting practices between the four countries and concluded that Mexican system was better than those of other three countries. The significance of this study lies in the provision of useful information on problems confronting the accounting system of Latin America. These authors argue that Latin American countries have made appreciable progress in overcoming the shortage of accountants through their specialised university education in accounting.

Israel

Markell (1968) examined accounting education and its importance to DCs focusing on Israel as a case study. This study concluded that most accountants learned their accounting through apprenticeship, concurrently taking some evening courses run by the Israel Association of CPAs. According to Markell, one of the common criticisms of the Israeli accountant was that his viewpoint was too narrow. Although his training provided competence in the technical aspects of accounting he lacked the broad outlook associated with a university education.

India

Jaggi (1970) found that with the industrial development of India, the need for improving accounting education was widely recognised. However, based on the traditional British system, individuals and organisations responsible for accounting education in India continued to favour the policy of imparting accounting education through professional institutes. Their thinking in enhancing accounting education, therefore, centred on improving the courses offered by professional institutes rather than changing the
national educational structure. While discussing the harmful effect of this policy, Jaggi emphasised that basic teaching and training of accountants should occur in universities and colleges, as in the case of other professions.

Banerjee (1994) observed several problems in accounting education in Indian universities and colleges. Little coordination at different levels of accounting education, lack of proper library facilities, outdated teaching methods, dearth of practical training, and lack of accounting oriented research were identified as some of the major problems.

Ghana

In 1978, Ghartey found that despite the existence of professional accrediting institutions and good quality universities, British accounting qualifications were still imported into Ghana. He also believed that West Africa was in need of a complete overhaul and replacement of its accounting education system.

Hong Kong

Tai (1988) discussed the examination and certification process leading to the admission of candidates to the accounting profession in Hong Kong. He argued that because the qualification of ACCA (UK) was better known internationally and recognised by the Hong Kong Society of Accountants (HKSA), most candidates took the ACCA examination in preference to the local HKSA examinations. In response to this situation, HKSA agreed with the ACCA to design a joint examination plan requiring student to take 15 papers prepared by ACCA along with three papers set by HKSA on local taxes and laws. However, as pointed out by Tai, one major problem with this arrangement was that it was difficult for most Hong Kong students to understand some of the questions written by persons of a country with different social, economic,
cultural, and political environment and divergent statutory and professional requirements for financial reporting.

**Panama**

Rivera (1990) described the relatively young Panamanian accounting profession and identified it as mature and well organised probably because of the substantial influence of American accounting practice in Panama. He conducted an interview and a mail survey on the perception of accounting professional establishments, students and practitioners. The results of his study showed that there was a growing concern about (a) over production of accounting graduates, and (b) low level of professional competence.

**Nigeria**

Osiegbu (1987) reported on the state of accounting education in Nigeria. According to him, accounting education in Nigeria has been influenced by the British accounting education system as a result of the former colonial relationship with the UK. A university accounting course was first offered in 1960 by the University of Nigeria. The Institute of Chartered Accountants in Nigeria (ICAN) was established in 1965. In 1970, ICAN council recognised the need for structured training programs offered by full-time institutions and thus accredited some institutions of higher learning enabling them to offer professional accounting courses. Accordingly, seven universities and twelve polytechnics/colleges in Nigeria have been incorporated in the Institute's accreditation plan. Holders of recognised relevant degrees or diplomas are permitted to proceed directly to ICAN Professional II examinations. These candidates are expected to pursue professional training for a twenty-four month period. The institute recognises these degrees or diplomas if it is satisfied that the awarding institution of higher learning is qualified to provide instruction comparable to or higher than the Professional
I examination. Such institutions must have at least two professionally qualified members of the institute on their staff (1987:61).

Tanzania

Briston and Wallace (1990) described the unique experience of Tanzania in improving and developing its accounting education system. According to them, Tanzania's accounting education was quite similar to the Tipgos (1987) model. The only difference was that it had three tiers instead of two: Technician, Semi-Professional and Professional. The Technician and Semi-professional could be grouped together to represent what Tipgos described as Para-professional. With this new development, they observed that Tanzania has demonstrated suitable approach aimed at her information needs even with the use of outside assistance. Briston and Wallace further stated that:

Where the Tanzanians have differed from so many other developing countries is that they have been selective in their adoption of practices from elsewhere. While other countries have chosen to adopt either the United Kingdom/United states, or the French or Russian system in its entirety, the Tanzanians have made an ex ante decision concerning their requirements and have chosen and adapted, where necessary, those components of existing systems which meet their needs. Thus, with regard to the education of accountants, it was felt that there was an urgent need for bookkeepers and technicians, and the accounting profession and educational structure were created in a way which encouraged technicians. As a result, technicians have a recognized place within the profession and the education system, and the profession has a pyramid structure within a strong cadre of technicians at its base.

This system is also more strongly motivational for it recognises accountants according to the stage which they have reached, whereas British system provides no recognition until the very last examination has been passed, so that an accountant is either a full professional or is unqualified. (1990, 296).

Accordingly, Briston and Wallace believe that the Tanzanian approach to the development of accounting education and practice can be followed by other nations in the Third World if they want to find better solutions to their problems.
Chapter Two: Accounting Education in Developing Countries - A Literature Review

Sri Lanka

Perera (1975), in a review of accounting and its environment in Sri Lanka, has asserted that it is only when the country's accountants have been provided with a broad educational background through universities and technical colleges that they will be in a position to contribute to their country's overall effort to achieve economic development. According to Wijewardena and De Zoysa (1996), accounting education and practice in Sri Lanka is a legacy of the colonial British administration. It devotes relatively inadequate attention to management accounting while concentrating heavily on technical aspects of financial accounting.

Saudi Arabia

Abdeen and Yavas (1985) explain many deficiencies in Saudi accounting education system. According to them, several factors such as 'increasing number of companies, growing oil revenues, shortage of local accounting skills, formalisation of the national stock exchange, and changes in auditing process have increased the need for developing accounting education in Saudi Arabia. Placing emphasis on accounting concepts and techniques suitable for the Saudi Arabian environment, development of graduate education and research, recruitment of accounting academics with industry experience, and development of local text books and other teaching materials have been recommended by these authors as some of the remedial measures for the deficiencies in Saudi Arabian accounting education.

Six Middle Eastern Countries

Agami and Alkafaji (1987) surveyed the accounting educational systems in Egypt, Jordan, Saudi Arabia, Libya, Iraq, and Kuwait to identify similarities and differences between the systems of these countries and those of developed countries. Their recommendations included the following: broad based education for potential accountants; liberal arts education to replace the rigid technical accounting education;
less emphasis on accounting for external reporting and financial auditing and more emphasis on managerial accounting; greater attention and resources to increase the number of qualified accounting academics (1987: 161).

**Indonesia**

Liang and Yunus (1990) presented an analysis of the development of accounting education in Indonesia and showed its historical relationship with Holland at first and subsequently with the United States of America, leading to a dualism in the area of accounting education. Abdoelkadir and Yunus (1994) reported that Indonesia suffers from a shortage of qualified accounting personnel, despite the considerable increase in numbers as a result of accounting education at the higher education level.

**New Zealand**

Moores and MacGregor (1992) provided an overview of the development of accounting education in New Zealand with reference to its social and historical context. According to them, university degrees are monitored and accredited by the New Zealand Society of Accountants (NZSA) and all seven universities offer accredited accounting degrees. The degree is followed by a three year practical experience requirement before a student can be granted associate membership of the NZSA.

According to Walker and McClelland (1994), accounting education programs in New Zealand emphasize the development of conceptual understanding, critical thinking, and communication skills, which in turn fosters the life long learning process.

**Caribbean**

Chaderton (1994) detailed the present system of educating Barbadians to become professional accountants and the proposed scheme for the regional coordination of the education of future Caribbean accountants. According to the new arrangement, the B.Sc. Accounting and B.Sc. Management Studies graduates of University of West
Indies (UWI), Cave Hill Campus in Barbados receive 10 exemptions from the professional accounting bodies such as the Society of Management Accountants in Ontario and the Institute of Certified and General Accountants of Canada (Chaderton, 1994). The responses received for a survey carried out in Jamaica and Trinidad to ascertain the attitude of the business community towards the M.Sc Accounting program revealed a level of ignorance as to exactly what was covered in the degree program.

**Iran**

Novin and Saghafi (1994) provided evidence on the obstacles to the development of accounting education in Iran, and suggested several remedial strategies to solve those problems. Responses received from the respondents have indicated recommendations in four areas: training and upgrading of accounting faculty; focus on relevant accounting education; text books; closer cooperation between academia and accounting profession (1994:136).

Based on the findings of an empirical study of the undergraduate accounting curriculum in Iran, Wijewardena and Roudaki (1997) reported several weaknesses such as the failure to include an appropriate instructional package for computer applications in accounting, the lack of coverage in some important subject areas, the inappropriate distribution of teaching time among subjects, and the harmful effect of the excessive restrictions and inflexibility associated with the curriculum on the quality of accounting graduates and morale of accounting educators.

**Singapore**

Foo (1988) found that accounting development and practices in Singapore have been predominantly influenced by the British models of accounting education. However, when compared with other developing countries, which have been British colonies for many years in the past and are still following the colonial traditions, Singapore has been
able to move away from the traditional British system of producing accountants purely on the basis of educational programs offered by professional accounting bodies. Currently, Singaporean accountants are produced primarily through their university education system (Tan et al, 1994; Wijewardena and Yapa, 1998).

China

In 1992, Lin and Deng examined the evolution of accounting education in China. They provided a complete list of accounting education problems which are quite similar to those referred to by Enthoven and others in respect of many other developing nations. Cooper et al (1994) also highlighted several weaknesses in the Chinese accounting education system, including narrowness of the subject matter taught, overspecialisation, outdated text books, and unsatisfactory teaching methods. In order to improve this situation, several critical measures such as the establishment of common core courses, the launching of accounting reforms, and the introduction of a university degree accreditation scheme have been recommended (1994: 28).

2.4.2 Co-operation between universities and the accounting profession

Several scholars have emphasised the importance of establishing close cooperation between educational institutions and professional accounting bodies. Enthoven in his article on "The Scope for Accountancy Planning in Developing Countries" stated that:

In many countries, academic planning, which is increasingly required for top level accountants, tends to be oriented towards financial enterprise accounting and auditing and neglects the vital areas of management accounting, cost benefit measurement, capital budgets, project studies, and their relation to economic analysis, policy and planning...
An educational planning model should be closely linked to the potential for more effective coordination between universities, with other discipline, and with regional and international development organisations (1976: 136).

In 1977, Enthoven examined the accountancy systems in third world economies in more detail and concluded that extensive efforts should be made to revise accounting
education systems in these countries. He stressed the need for changing the traditional lecture method to a case study for giving a more practical approach to the teaching of accounting. He also made the following suggestions:

A better economics and finance base, plus mathematical models, should be incorporated adequately in the curriculum. Focus should not be solely on training technicians or vague theorists. A well balanced teaching approach should be instituted. Academically trained accountants should have an understanding of the broader dimensions of accounting and help spearhead future implementation models. Training for academically oriented accountants should be evaluated thoroughly as part of overall accounting needs and training availabilities (Enthoven, 1977:89).

Enthoven devoted further attention to this aspect of accounting in his book *Accounting Education in Economic Development Management* published in 1981. In this book he evaluated the status of accounting education in five regions and fifteen individual countries in the Third World. This evaluation enabled him to draw a picture of Third World accounting education and to come up with some valuable recommendations. He argued that:

A major university's task is certainly to prepare students for a profession. As, the students generally, according to their talent and professional opportunity, reach a position of responsibility eight to ten years after completion of their studies, the education must have a prospective character, i.e., there must be included in the teaching programs those problems with which the student will be confronted in ten years (Enthoven, 1981: 70).

He emphasised that universities in DCs should play a more active role in accounting education with a greater attention being paid to the accounting curriculum. He presented four basic elements to be considered when designing new accounting curricula for universities in DCs:

The need of the country; resources available; the direction the country wants to go (socioeconomic planning); inventory or current courses and programs (Enthoven, 1981: 79).
Juchau et al (1986) investigated some tertiary education strategies for accounting in developing societies, taking the Southwest Pacific as a case study. They pointed out that the University of South Pacific (USP) has been providing accounting education leading to the membership of the Fiji Institute of Accountants (FIA). The Fiji Institute of Technology's business studies diploma has been accepted as a suitable qualification for admission to the university accounting degree program. This scheme provided an indirect path to full institute membership allowing diplomates to take affiliate membership in FIA. The other established body of accountants in the region is Western Samoan Society of Accountants (WSSA). WSSA members can obtain limited cross-credits for the university degree program. Samoans with an accounting major from the USP can secure membership in their Society upon graduation.

Osiegbu (1987) described the state of accounting education in Nigeria and showed how the Institute of Chartered Accountants of Nigeria (ICAN) coordinated with institutions of higher learning to obtain full-time training for their aspirant accountants. He pointed out that in 1970 the ICAN council recognised the need for structured training programs offered by full-time institutions and thus accredited some institutions of higher learning to offer professional accounting courses (1987:60). Accordingly, seven universities and twelve polytechnics/colleges in Nigeria worked together coordinating their full-time accounting training. Those who held relevant degrees of recognised universities or diplomas were permitted to proceed directly to the ICAN Professional 11 examinations.

A discussion paper on "2000 and beyond" produced by the Education Committee of the IFAC (1994) provides guidance to its member bodies and accounting educators in designing an education program suitable for the changing environment. While the emphasis of the paper is on the required education process, reference has
been made to the need for using a strategic planning model which capitalises on internal strengths and external opportunities. The first part of the paper addresses the skills and knowledge requirements of accountants in the year 2000 and beyond. The general approach of technical materials in order to cope with the ever increasing complexities of the general business environment is rejected in favour of emphasising development of skills, knowledge and a professional orientation to help candidates learn more effectively throughout a career as new knowledge and skills are required.

The second part of the paper discusses the various approaches to acquiring an accounting designation. In view of the trend towards greater involvement of full-time educational institutions in the accounting education process, the paper suggests ways in which the profession needs to take a leadership role in their relationships with these institutions, particularly with universities. In this respect, the paper further pointed out that:

The accountancy profession must speak with a loud and clear voice about the need for quality accounting education. The importance of quality accounting programs both to the sound functioning of the national economic system and to the international competitiveness of business must be impressed on university administrators. This task cannot be accomplished by accounting educators alone; they need the partnership of the profession (IFAC, 1994:21).

This paper clearly shows the importance of the partnership that should be established between the university and the accounting profession in order to foster a more effective system of educating and training of future accountants. It also highlights that professional bodies ought to rely on full time educational institutions in providing education for their potential members. Furthermore, in view of the improved university-profession partnership, this paper suggests three basic strategies as follows:
Fostering change in accounting education will require the joint efforts of all stakeholders, working in harmony. Given the importance of the changes proposed in the accounting curriculum, the profession should undertake three basic strategies to assist those educational institutions which are implementing curriculum reform. First: As acceptance of the need for change is a prerequisite to bringing about change itself, the profession should seek to heighten interest among all stakeholders in the need for change. It should aim to act as a catalyst to encourage dialogue about accounting education issues. Second: The profession should provide incentives for change. Third: The professional bodies should campaign to reduce the influence of the barriers to change in universities and similar institutions. These barriers may include: university constraints, conflicting faculty standards and reward structures, inadequate teaching materials, emphasis on professional examinations, and present faculty and teaching methods (IFAC, 1994:7).

The university education is the first phase of the journey towards attaining the professional status of an accountant in Singapore. It provides potential accountants with a more liberal and broad based education than that of the professional training system in the UK (Tang & Tse, 1986). According to them, the most striking feature of the new Singaporean system is the close liaison between the university school of accountancy and the professional accounting body. This relationship is further ensured by the fact that the professional accounting body has been consulted through each stage of the restructuring of the Accountancy School at Nanyang Technological University. An academic member of the School has been represented all the time in the council of the professional body.

According to Moors and MacGregor (1992), New Zealand, which was a British colony in the past, moved away from the traditional system and has established close cooperation between universities and the professional accounting body through the accreditation scheme. University accounting degree programs have been accredited by the New Zealand Society of Accountants (NZSA). A similar situation of cooperation has been in existence in Australia (Wijewardena and Cooray, 1995).
2.4.3 General studies

In 1977, Enthoven made an attempt to assess the accounting problems in African and Asian countries. He speculated that accounting education in these countries suffered, in general, from:

1. Too much financial enterprise accounting and auditing
2. Teaching with often outdated foreign texts
3. Very theoretically based, lecture oriented, and void of adequate cases
4. Inadequately geared to managerial and economic circumstances
5. Insufficiently "information measurement" oriented, i.e., void of both a
6. Usable micro and macro economic approach (Enthoven, 1977:88)

Another study on this aspect of accounting was conducted by the Committee on International Accounting Operation and Education of the American Accounting Association (AAA, 1978). This study concentrated on accounting education in the Third World in general and in five DC's in particular. The accounting education problems analysed by this study were summarised by Enthoven as follows:

1. Accounting is still taught as if it was a technical skill instead of as an intellectual discipline.
2. Special fields of accounting, for example, farm accounting, bank accounting and industrial development accounting, for which a great need may not be taught at all.
3. Attention to operational and managerial auditing tends to be limited.
4. Generally, no clearing house for information and publications exists.
5. An upgrading of teachers - the development of adequate staff pay for teachers is needed.
6. Teaching aids, for example, texts, labs and projectors, tend to be deficient, and not enough funds are budgeted for them.

7. Workshops are needed for accounting educators, practitioners and students.

8. Interest in activities, such as conferences and seminars, that expose students, staff and practitioners to developments in accounting may be limited, and accounting training may lack content and motivation.

9. Most governments take a limited interest in accounting training and upgrading.

10. Educational institutions, in conjunction with government agencies, may have to assess the number of accountants needed and their education requirements (Enthoven. 1983:112)

Hozler and Chandler (1981) proposed a system approach to the teaching of accounting in DCs. They viewed the accounting establishment as a complex system consisting of the accounting function in private and governmental enterprises, government agencies, the accounting profession, and educational institutions teaching accounting. They identified shortage of qualified staff and inappropriate curricula as the two key problems confronting accounting education in developing nations and claimed that the systems approach they proposed should help in solving these problems.

Mueller (1988) presented four alternative approaches to the training of accountants in developing nations. These approaches included: (1) the professional technology approach, (2) specific country case studies, and (3) joint textbook writing, participating in seminars, conferences and colloquiums (1988). However, he stressed that every DC is unique with its own culture and language, and, therefore, any research carried out and any recommendation made must reflect that uniqueness.
In 1973, the American Accounting Association's committee on accounting in DCs examined the problems of accounting in these countries for the first time on a formal and systematic basis. The committee consisted of six members. They were G.M. Scott, A. J.H. Enthoven, T. Jain, K.S. Most, K.E. Said and W. Sycip. The study focused on following three major areas:

(a) What the accounting practice and education problems are in developing countries as seen by knowledgeable accountants and other experts in developing countries, in advanced countries, in international financial institutions and in world development organisations;

(b) The importance of each of these problems relative to each other; and

(c) The preferred forms of international cooperation for assisting with these problems (AAA, Report, 1973-75).

The conclusions of this committee were based mainly on the responses to two questionnaires received from 23 countries and three world organisations. The participants' opinions revealed more than ninety separate problems. Further analysis of these problems enabled clustering them into twenty six primary problems consisting of fourteen accounting practice problems and twelve accounting education problems in DCs. Among the twelve accounting education problems five were considered as extremely important by the respondents. Accounting education problems in DCs and their extremely important reasons as perceived by the respondents to the AAA questionnaire are presented in Table 2-1.
Table 2-1
Extremely important accounting education problems and their extremely important contributing problems - Responses to the AAA Questionnaire

<table>
<thead>
<tr>
<th>Extremely Important Problem</th>
<th>Extremely Important Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Locally - authored accounting textbooks are inadequate</td>
<td>The accountants most qualified to write texts are too busy with other concerns</td>
</tr>
<tr>
<td>2. Inadequate teaching accounting subjects at the college level</td>
<td>Accounting instructors often occupy several other positions in companies, government and public accounting firms for the purpose of supplementing their low teaching salaries and they do not have time for adequate class preparation.</td>
</tr>
<tr>
<td>3. Lack of qualified accounting instructors at the college level</td>
<td>There is a general shortage of qualified accountants and educators. College teaching careers not adequately rewarded financially and this has discouraged many qualified individuals from teaching careers.</td>
</tr>
<tr>
<td>4. Lack of professional development opportunities for accounting educators and practitioners</td>
<td>None</td>
</tr>
<tr>
<td>5. Inadequate accounting education for managers and prospective managers</td>
<td>The Accounting education of engineers and scientists who became managers is limited to the bookkeeping aspects of accounting, or they receive no accounting training at all.</td>
</tr>
</tbody>
</table>


2.5 APPROACHES SUGGESTED IN THE LITERATURE FOR IMPROVING ACCOUNTING EDUCATION IN DCs

There are many studies that have concentrated on various approaches for improving accounting education in DCs. These approaches have been developed over the last three decades by different researchers on the basis of their investigations into existing accounting systems in DCs. While some approaches focus on solving accounting problems common to all developing nations as a whole others aim at formulating strategies for enhancing accounting education in a specific country or a region. These approaches as classified by Wallace and Pendlebury (1994) are briefly reviewed below:
2.5.1 Designated transfer agents

This approach suggested by researchers such as Englemann (1962), Enthoven (1979 and 1981), Seiler (1966), Lowe (1967), Needles (1976) and Briston (1978) favours a policy of transferring accounting knowledge and know-how from developed countries to DCs through designated transfer agents such as international accounting firms, transnational enterprises, special projects undertaken by the United Nations and its agencies, universities of developed countries and regional and international agencies. The main policy prescription in this approach, however, was that accounting systems of developed countries should be adopted in DCs on the basis of the specific needs of the respective DC. For example, the conceptual framework proposed by Needles has formulated a strategy for developing economies for international transfer of accounting technology as a part of its overall economic plan. In this framework, Needles viewed the strategy of accounting technology transfer as a sub-plan within an overall economic plan which is influenced by environmental factors, national goals, and resource constraints. The plan for accounting technology transfer consists of four elements: 1. Objectives, 2. Strategy, 3. Channels of transfer, and 4. Levels of accounting technology to be transferred. The selected strategy ought to be useful in achieving the objectives set forth for technology transfer in the overall economic plan. Possible channels of technology transfer include educational institutions, international organisations, government agencies, multinational companies, international accounting firms, domestic business, and local accounting firms (Needles, 1976:53). He divided the transferable accounting technology into three categories:

- Individual technology which includes technical accounting knowledge possessed by individuals such as basic double entry bookkeeping skills and skills in budgeting, cost accounting and internal auditing and so forth.
• Organisational technology that covers accounting procedures used in operation of government and business organizations.

• Independent professional technology which includes laws and approaches for establishing an independent accounting profession, and accounting and auditing standards promulgated by rule making bodies.

Moreover, Needles proposed three phases for transferring accounting technology to a DC: diagnosis, prescription, and strategy formulation. Diagnosis is the assessment of the existing levels of technology and other current situations. Prescription includes such activities as setting priorities and selecting appropriate accounting technologies, and choosing transfer channels. Strategy formulation includes the task of devising policies, guidelines, and action plans to carry out the technology transfer to achieve the defined objectives. This proposal is rather comprehensive in scope. A major strength of this framework is the detailed specification of all environmental and technological variables related to accounting technology transfer. More specifically, the model considers five basic elements essential for technology transfer: a technology, a transferor, a transferee, a linkage mechanism, and the surrounding environment. According to Needles, if we accept the fact that each DC has a different social, cultural and economic environment, a uniquely designed strategy may be necessary to transfer accounting technology to a particular developing nation. Despite its comprehensiveness in scope, many details related to Needles' framework remain to be spelled out. While the validity of the framework may be difficult to prove or disprove, it can serve as a useful interpretive framework to explain the process of development and transfer of accounting technology to a developing nation.
2.5.2 **Economic Evaluation Accounting (EEvA)**

A comprehensive approach for improving accounting education in developing nations in a general way was put forward by Scott (1970). This approach prescribed as end-user-oriented accounting framework. Accounting education and improvement programs should meet the needs of end users such as investors, government and management of enterprises. To ensure that such needs are met, input to accounting structure should be improved. These inputs comprise education of accountants, legislative control and regulation of accounting and professionals. This model was referred to by Tipgos (1987) as "Economic Evaluation Accounting" (EEvA). Basically it involves two main approaches, namely, a "fresh start" approach and a liberal arts-based curriculum. According to Scott, EEvA requires structuring the accounting system to provide information that will facilitate the economic evaluation of enterprises and the activities of management, investors, and the government. Thus, EEvA appears to have been based on the general micro and macro economic principles rather than business practices, accounting conventions, tax or other narrowly conceived legislation (Scott, 1970: 149).

2.5.3 **Economic Development Accountancy (EDA)**

Another approach for accounting education in the DCs was advocated by the Committee on International Accounting Operations and Education of the American Accounting Association in its 1976-1978 report. This approach is described by Tipgos (1987) as Economic Development Accountancy (EDA). It is described as the application of existing and potential accounting systems, techniques, procedures, and data to enhance economic development within a nation or among nations. Its basic approach of accounting education is therefore the economic development of the country. The objective of EDA is to support micro and macro socio-economic decisions more effectively using the various branches of accounting. Its
implementation starts with a comprehensive inventory of the quantity and quality of accountants, manpower availability, and the various educational developments in accounting areas. Based on the stocktaking, an accounting development plan may be instituted to serve as a blueprint for accounting education. Similar to the EEvA proposed by Scott, the EDA also assumes that the overriding goal of accounting in developing nations is the economic development.

2.5.4 Two-tiered Education System (TES)

This approach was promoted by Tipgos (1987), and Briston and Wallace (1990). Tipgos provided an illustration of a Two-Tier structure in Philippines while Briston and Wallace proposed a Three-Tier and Three-Tier structure in Tanzania. Tipgos critically argues that the EEvA (Scott) and EDA (AAAs) approaches are defective, and even myopic. According to him, the defects of these approaches arise mainly from: (1) tying the objectives of accounting in developing countries to the economic development of such countries without regard to the aspirations of local accountants; (2) the political ramifications of dictating what ought to be the objectives of accounting in developing countries; and (3) an inability to provide for the short run accounting manpower need of a particular developing country due to the lead time between the initial ground work and the expected output (Tipgos, 1987: 403).

However, Tipgos agrees that both EDA and EEvA are most comprehensive and important first step towards improving accounting and apparently they deserve attention of policy makers involved in solving these problems in DCs. Since both EDA and EEvA were seen to have serious deficiencies, as an alternative to EEvA and EDA Tipgos proposed a new model which he referred to as a "Two-tiered Education System" (TES). The purpose of the model according to Tipgos, is to (1) improve accounting education in general, (2) to provide the accounting manpower needs of economic
development, and (3) to allow the accounting profession in Third World countries to develop. This comprehensive plan for improving accounting in DCs is based on four general propositions:

- Economic development in a given country is the result of a concerted and coordinated effort of all the social institutions in the country, and accounting is just one of these institutions, irrespective of the importance of its contribution.

- The accounting profession in the developing countries has certain higher level goals regardless of its stage of sophistication; therefore, its development should not be exclusively tied to or dependent upon the socioeconomic development of the country.

- Because of the interdependence of accounting education and accounting practice, any plan to improve accounting in DCs must provide for a simultaneous improvement of both these sectors of the accounting profession.

- Any form of assistance, present or future, should be offered and implemented on the basis of the first three propositions (Tipgos, 1987: 39-92).

The accounting profession in most DCs drifts aimlessly due to the absence of a unifying goal or purpose. Because of the short-run accounting manpower needs of DCs, and the long-run goals of the accounting profession, Tipgos proposes TES which consists of two levels. The first level of the two-tiered accounting education system is focused on an initial stage leading to a sub professional certification which is a two-to-three year paraprofessional course designed to equip the students with the basic accounting skills (Accounting Technician level) needed in the development of the country. The second
level, lasting two to three years, is considered as a final stage leading to full professional status (professional accountant). The TES shown in Figure 2-1 would give students the opportunity to attain full professional status. According to Tipgos, accounting workforce development should embrace technical and professional levels. Through this, Tipgos attempts to overcome some of the weaknesses of both EEvA and EDA.

Figure 2-1
Two Tiered Education System (TES)

<table>
<thead>
<tr>
<th>Paraprofessional Level</th>
<th>Experience Level</th>
<th>Professional Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>(2 to 3 years)</td>
<td>(2 years minimum)</td>
<td>(2 to 3 years)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Admission Requirements</th>
<th>Admission Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>enter</td>
<td>exit</td>
</tr>
</tbody>
</table>

specific tasks
core
Exit
Re enter

Sub professional Certification
(Optional for graduates)

professional Certification
(Optional for graduates)


Briston and Wallace (1990) analysed the accounting education system in Tanzania and found that it was similar to the Tipgos model. However, Tanzania had three tiers instead of two; technician, semi-professional and professional.
2.5.5 Dependency, Self-reliance (without foreign assistance) and Self-Reliance (with foreign assistance) Approach

Wallace and Briston (1993) have suggested an approach similar to that of Tipgos. They pointed out that the Tipgos (1987) classification recognises only the training of individuals. According to them, the development of accounting in DCs should be undertaken at three levels: individual, organisational and professional. The training of the latter group of people would stimulate the demand for accountants. The main policy prescription of this approach is that the development programs should emanate from within a country and be concerned with the demand and supply sides of accounting education and the education of those responsible for ensuring the maintenance of the quality of accounting information. On these lines, Wallace and Briston (1993) suggested three approaches for improving national accounting infrastructures in DCs. These approaches are:

- Dependency approach,
- Self - Reliance (without foreign assistance) approach and
- Self-Reliance (with foreign assistance) approach.

They perceived the dependency approach as a direct transfer of accounting practices including personnel and technology from developed countries to DCs regardless of its relevance to the recipient nation's socioeconomic needs (Wallace and Briston, 1993: 207). They also recognised the fact that the self-reliance (without foreign assistance ) approach is not applicable to DCs because of the lack of motivation, the will or self confidence. Therefore, they believed that the third approach which is a middle path, should be followed by developing nations. The Tanzanian system cited above is an example of this middle-path approach. Also they believed that sufficient funds ought to
be provided to enable capable students of DCs to undertake doctoral projects related to Third World problems in selected universities (Wallace and Briston, 1993: 219).

2.5.6 The Integrated, the linear, and the parallel system

In addition to the various approaches described above, a few models have been suggested by researchers and international accounting bodies for professional accounting education in DCs. However, it should be noted that, these models are not tailor made for any specific economy. One such model identified by Needles (1990) as the integrated system, the linear system, and the parallel system is illustrated in Figure 2-2.

According to Needles the following elements exist in each of the models:

1. Entry level - the requirement to enter the educational process that will lead eventually to qualification as an accountant. Entry level usually occur upon graduation from a secondary school.

2. General education - the curricula in the area of art, science, and other topics that provide a foundation for professional study. General education may be obtained at both the secondary school level and the university level.
3. Professional education - the curriculum in accounting and auditing and in closely related professional topics that may be obtained in a variety of ways; at the university level from professional associations or through business schools or institutes.

4. Practical experience - the amount and type of on-the-job training required to become a qualified accountant.
5. Test(s) of professional competence - a qualifying examination or examination taken prior to qualification to demonstrate a minimum level of knowledge and skill (Needles, 1990).

2.5.7 Access to professional designation IFAC

According to IFAC (1994), professional accounting education among its member bodies has tended to comprise one of three different structures. It is called as 'Access to Professional Designation' and is shown as a model (Figure 2-3).

![Figure 2-3](image)

**Access to professional designation - IFAC**

According to the IFAC, the three formats described above are not mutually exclusive. In the first approach, a candidate completes a basic degree prior to undertaking his/her professional program which leads to certification after completion of certain period of practical experience. The second approach places much reliance on a full-time degree program in business/accounting area and having completed the degree, a period of practical training ought to be completed before undertaking the professional program. The third approach allows the student to undertake professional program together with practical experience simultaneously. However, these approaches are in a state of constant change, reflecting the dynamic nature of the profession.

### 2.6 SUMMARY OF STUDIES ON MAJOR ACCOUNTING EDUCATION DEFICIENCIES IN DCs

The major accounting education deficiencies discussed in this chapter are summarised according to a chronological order for easy identification of the deficiencies and their sources. Four tables are provided to represent the past four decades (1960's, 1970's, 1980's and 1990's).

#### Table 2-2

Studies relating to accounting education in developing countries - 1960's

<table>
<thead>
<tr>
<th>Author</th>
<th>Year</th>
<th>Country</th>
<th>CU</th>
<th>CI</th>
<th>TB</th>
<th>TF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elliott et al.</td>
<td>1968</td>
<td>Latin America</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Siedler</td>
<td>1967</td>
<td>Turkey</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salas</td>
<td>1967</td>
<td>Spanish Latin America</td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Ogundele</td>
<td>1969</td>
<td>Ghana</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ninsuvannakul</td>
<td>1966</td>
<td>Thailand</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Markell</td>
<td>1968</td>
<td>Israel</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chu</td>
<td>1969</td>
<td>Taiwan</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>
Table 2-3
Studies relating to accounting education in developing countries - 1970's

<table>
<thead>
<tr>
<th>Author</th>
<th>Year</th>
<th>Country</th>
<th>CU</th>
<th>CI</th>
<th>TB</th>
<th>TF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jaggi</td>
<td>1970</td>
<td>India</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perera</td>
<td>1975</td>
<td>Sri Lanka</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Briston</td>
<td>1978</td>
<td>Indonesia</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zeff</td>
<td>1972</td>
<td>Mexico</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bait-el-Mal Smith and Taylor</td>
<td>1973</td>
<td>Libya</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mepham</td>
<td>1977</td>
<td>Jamaica</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ghartey</td>
<td>1978</td>
<td>Ghana</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 2-4
Studies relating to accounting education in developing countries - 1980's

<table>
<thead>
<tr>
<th>Author</th>
<th>Year</th>
<th>Country</th>
<th>CU</th>
<th>CI</th>
<th>TB</th>
<th>TF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hardman</td>
<td>1984</td>
<td>South Pacific countries</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Solomon Islands, Fiji</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carmony</td>
<td>1987</td>
<td>Uruguay</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wallace &amp; Osiegbu</td>
<td>1987</td>
<td>Nigeria</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Juchau et al.</td>
<td>1986</td>
<td>South Pacific</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Hove</td>
<td>1986</td>
<td>Zimbabwe</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shuaib</td>
<td>1985</td>
<td>Kuwait</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Markell</td>
<td>1985</td>
<td>Botswana</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Osiegbu</td>
<td>1987</td>
<td>Nigeria</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agami &amp; Alkafaji</td>
<td>1987</td>
<td>Six Middle Eastern Countries</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perera</td>
<td>1989</td>
<td>Developing countries</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foo</td>
<td>1988</td>
<td>Indonesia, Singapore</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Abdeen &amp; Yavas</td>
<td>1985</td>
<td>Saudi Arabia</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Tai</td>
<td>1988</td>
<td>Hong Kong</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 2-5
Studies relating to accounting education in developing countries - 1990's

<table>
<thead>
<tr>
<th>Author</th>
<th>Year</th>
<th>Country</th>
<th>CU</th>
<th>CI</th>
<th>TB</th>
<th>TF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liang &amp; Yunus</td>
<td>1990</td>
<td>Indonesia</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revera</td>
<td>1990</td>
<td>Panama</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Briston &amp; Hadori</td>
<td>1993</td>
<td>Indonesia</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benerji</td>
<td>1994</td>
<td>India</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nadzing</td>
<td>1994</td>
<td>SADC countries</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chaderton</td>
<td>1994</td>
<td>Caribbean (Barbados)</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Novin &amp; Saghafi</td>
<td>1994</td>
<td>Iran</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Cooper et al.</td>
<td>1994</td>
<td>China</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wallace &amp; Briston</td>
<td>1994</td>
<td>Tanzania</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pok Fabian</td>
<td>1995</td>
<td>Papua New Guinea</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Akathaporn et al.</td>
<td>1993</td>
<td>Thailand</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Notes

CU  Accounting education should have a broader background through universities and technical colleges. Professional accountancy bodies closely cooperate with universities.

CI  Colonial influence, inappropriate accounting technology, accounting should relate to local requirements.

TB  Lack of locally produced accounting text books, case studies, teaching materials.

TF  Training and upgrading accounting faculty.
CHAPTER THREE
HISTORICAL DEVELOPMENT OF ACCOUNTING EDUCATION IN SRI LANKA

INTRODUCTION
Accounting is a product of its environment. Therefore, to place the analysis of the historical development of accounting education in the proper context this chapter begins with an overview of the country's economic and political environment. Sri Lanka inherited its accounting education and practice from the British during its colonial period and continued to follow the same system even after gaining independence. Thus, the major part of the chapter is devoted to an analysis of the evolution of accounting education and practice from its colonial period to the present time.

3.1 AN OVERVIEW OF THE ECONOMY
Sri Lanka, formerly known as Ceylon\textsuperscript{1}, is a tropical island, 430 kilo metres long at its longest point and 225 kilo metres wide at the widest point, and covers an area of approximately 65,500 square kilo metres. It is richly endowed with natural scenic beauty and salubrious climatic conditions, and is inhabited by a pluralistic population consisting of a number of ethnic and religious groups. Sri Lanka is comparable in population to Australia, with approximately 18 million people in 1997. Although its level of economic development is relatively low, Sri Lanka with a per capita GNP of 640 US dollars (World Bank, 1996) performs better than many of the neighbouring countries. Sri Lanka has a well established educational infrastructure with a network of government-funded primary and secondary schools throughout the country and a sizeable number of universities and other higher educational institutions. Consequently,

\textsuperscript{1} The country was known as Ceylon until the name was changed to Sri Lanka in 1972.
the country's literacy rate is as high as 92 per cent for males and 86 per cent for females (Central Bank of Sri Lanka, 1996).

Sri Lanka's recorded history dates as back as 483 BC when Prince Vijaya arrived from India. Successive monarchies prevailed in the country for nearly 2,350 years, during which time an elaborate system of irrigation was developed to support the dominant agricultural sector. Trade in spices and precious stones attracted merchants from Arabia, Persia, China. The Portuguese who colonised the western coastal plains in the early 16th century, were the first visitors from Europe, followed by the Dutch and the British who eventually took control of the whole island in 1815. The British introduced coffee followed by tea, rubber and coconut soon afterwards as major crops and originated the plantation sector which still plays a key role in the economy. In addition, particularly after the introduction of liberal economic policies in 1977 a new industrial sector has been emerging in the economy.

Sri Lanka gained independence through peaceful negotiations from the British in 1948 and became a self-governing nation with a democratic system of government. However, crafted on the British model, a bicameral legislature with a House of Representatives and a Senate, a system of Cabinet Government headed by a Prime Minister representing the majority party of elected representatives in Parliament, elections to the Parliament every five years, a ‘Senate’ of appointed members and a Governor General representing the Queen as Head of the British Commonwealth were the key features of the political system which continued to prevail until Sri Lanka was declared a sovereign republic in 1972. With a constitutional amendment in 1978, it was made the Democratic Socialist Republic of Sri Lanka with an Executive President. Both the Executive President and the Parliament are elected by the people every six years.
For a period of over four centuries from the sixteenth century Sri Lanka was under foreign powers (Portuguese, Dutch, British). Eventually, the country inherited its economic, political and administrative structures as well as the education system from the British who ruled the country for nearly one hundred and fifty years until gaining independence in 1948. During the colonial period the economy did not undergo any significant structural changes other than the construction of railways and highways in the country and setting up of an export-oriented plantation sector (tea, rubber, coconut) to exist side by side with a predominantly smallholding peasant agricultural sector which included fishing and craft activities as well. At the time of independence, Sri Lanka's economy was fully integrated to the global economic system through its commodity exports and import of food items as well as intermediate and capital goods. Soon after gaining independence, Sri Lanka began to plan for its future. As with most countries in the region, Sri Lanka also was engaged in drafting national economic plans to guide her development activities, although such plans fell short of comprehensive overall national plans, being confined to public sector investment only. The first efforts in planning began with the Six-Year Plan in 1950 which incorporated the first two budgets of independent Sri Lanka. Among the plans drawn up subsequently were the Six-Year Program of Investment in 1954, the Ten-Year Plan in 1959, and the Five-Year Plan in 1972. The preparation of overall national economic plans ceased altogether following the economic reforms of 1977.

Since 1957, the balance of payments position of Sri Lanka tended to record persistent and large deficits as a result of unfavourable market conditions for the commodity exports. Consequently, while maintaining the primary commodity concentrated export structure, the country tried to achieve import substitution in agricultural foodstuffs giving only a marginal role to industrial growth. In line with
these developments in the first half of 1960s, as in the other developing countries at the
time, Sri Lanka also took the path of import substitution to promote industrialisation.
As a result of that, a system of import control and allocation of quotas to imports
gradually replaced the open trade policies of the 1950s. At the same time, active state
participation in industry was promoted and a number of large-scale industrial
enterprises were set up as state ventures. However, due to haphazard planning and
poor management, the performance of these industrial ventures were not satisfactory
and eventually heavy financial losses and substantial inefficiencies occurred. In 1965,
a new political party came into power with a different ideological orientation and
eventually notable changes were introduced. As reflected in the White Paper of 1966
on foreign investment, there were attempts to attract foreign direct investments into the
country with a view to enhancing technological and managerial capabilities of local
industries. In an attempt to make the exchange rate a more active policy instrument to
meet the problems of the adverse balance of payments the government introduced a
dual exchange rate system which came to be known as the Foreign Exchange
Entitlement Certificate (FEEC) scheme. These policies could not continue for long
since there was a change of government in 1970. The newly elected government which
was in office from 1970 to 1977 followed socialist policies and had a strong tendency
for economic planning and state capitalism. Priorities in allocation of resources
between industry and other sectors were to be determined by the state, considering
factors such as export prospects, development of underdeveloped areas and labour
intensity of production. Similar to the pre-1965 period, there was a move to control
particularly the imports and exchange payments. A five-year tax holiday was given to
industries of pioneering nature. Lump sum depreciation allowances were permitted as
deductions from business profits and various development rebates were introduced as
incentives. However, the change of government in 1977 led to a significant reversal in economic policy and management. The vision of the new government was to make the economy more market oriented and open. A more outward-looking approach was highlighted in economic management of the country. A heavy emphasis was placed on the expansion of industry and commerce with greater involvement of the private sector in economic activities in the country. Thus, the private sector was given recognition as the engine for economic growth. Accordingly, the 1977 reforms included, among others, the following: privatisation of state owned business organisations, setting up of Free Trade Zones and Foreign Investment Advisory Committees, the Greater Colombo Economic Commission, the Board of Investment, and the provision of institutional support for export promotion under institutions like the Export Development Board, and the Sri Lanka Export Credit Insurance Corporation (Lakshman et al., 1991).

In 1994 the political leadership of the country was changed once again. However, the economic policies of the newly elected government have not changed drastically from those of the previous regime. The present government also holds the ideology of liberal economic policies with outward approach and has placed greater emphasis on privatisation of state ventures. In response to the implementation of open economic policies in the country, corporate financing has also improved from the traditional system of borrowing from banks or private sources to issuing of shares to the general public.

In the field of educational development, Sri Lanka currently has about 4.5 million children in primary and secondary schools and nearly 34,000 students in twelve state universities. With a view to providing equal educational opportunities in rural areas, various projects have been undertaken to expand and upgrade the educational infrastructure. Education is provided free from Grade 1 up to university level, and it
has been so for the last fifty years. Accounting is taught in most high schools from Grade 10 to Grade 12 and is a subject for General Certificate of Education Advanced Level (GCE A/L) examination which is the basis for selecting students for university courses.

3.2 DEVELOPMENT OF ACCOUNTANCY DURING THE COLONIAL PERIOD

During the British colonial period the whole range of business and commerce in Sri Lanka was directed mainly towards the export oriented tree (tea, rubber, coconut) crops sector. The corporate ownership of capital investments and infrastructure for these businesses (mainly exports) were mainly consolidated by British merchants. Under the colonial government regulations, these businesses adopted British Companies legislation for accountability and stewardship purposes. For example, the UK Joint Stock Companies Ordinance No. 4 of 1861 was used as the legal framework applicable to companies in Sri Lanka in the early twentieth century. Despite the subsequent changes took place in 1896, 1900, 1908 respectively in the English Law, Sri Lanka did not change its local statute except for certain amendments. However in 1929, steps were taken to revise the company law in order to follow the principles and provisions of the English Companies Act of 1929. As a result of this development, Companies Ordinance No. 51 of 1938 was enacted to amend and consolidate the law relating to companies in Sri Lanka. With the enactment of the Companies Ordinance of 1938, there was an increased participation by local investors in corporate business, but it was limited to only a small percentage of the population (Perera, 1985).

During the colonial period, the Colombo Share Market also contributed, at least partly, for the development of accountancy in the country. The Colombo Share Market has been in existence since 1896. It was first formed for the purpose of financing the plantation sector and functioned under the aegis of the Colombo Share Brokers'
Chapter Three: Historical Development of Accounting Education in Sri Lanka

62

Association. In 1904, the Association became the Colombo Brokers' Association (CBA) with the direct control of the British Brokers Association. Accordingly, the CBA adopted the rules and by-laws of the British Brokers Association in respect of its trading activities (Grigson, 1968; Hand Book of World Stock and Commodity Exchanges, 1991). Originally, there were only five companies involved in the stock broking transactions in the country. In addition to stock broking these companies were engaged in the trading of tea, rubber, coconut and other minor products that were exported from Sri Lanka. Greater impact on the development of accounting environment in Sri Lanka was originated mainly in line with the development of the stock market and the Companies Act.

In order to facilitate the performance, financing of investments and to comply with British company legislation, there were no locally qualified accounting personnel in the country. Moreover, due to the lack of local training facilities at that time, British investors were not able to train such personnel in a short period of time. Therefore, required personnel for management including accountants were directly recruited from the UK. These migrant accountants from the UK served mainly in private joint stock mercantile companies that were involved mainly in the export and import trade. However, there were no professionally qualified accountants in the government service in Sri Lanka until about 1925. An exception was the Government Railway, where a few professionally qualified accountants were directly recruited from England, apparently for the purpose of training accountants for the Railway (Report of the Special Committee Appointed to Investigate into the Structure of the Accounting Service, 1949). Subsequently, local people were gradually provided with on-the-job training by British accountants on ad-hoc basis for carrying out accounting functions in various organisations in the country. It is apparent that this type of on-the-job training provided
on *ad-hoc* basis by British accountants to their local staff was the first accounting training given in Sri Lanka.

Beginning around 1890, a few private educational institutions such as St. Benedict's Institute at Kotahena in Colombo and St. Patrick's College in Jaffna conducted classes in commercial subjects, including accounting, mainly for the British external examinations held in Sri Lanka. One of the oldest institutions, the Polytechnic at Wellawatte, Colombo founded in 1901 as the first organised private Business College in the island also prepared students for many British examinations including those with book-keeping and accounting subjects (De Silva, 1969). The most popular of these were the examinations leading to the London Chamber of Commerce certificates and the Cambridge certificates with the first certificate dating back to 1891 (Report of the Commission of Inquiry on Technical Education, 1963; De Silva, 1969). However, no program of study leading to a local qualification in accounting was conducted by any organisation until 1943 except the book-keeping certificate which was jointly introduced in 1910 by the Chamber of Commerce (Ceylon) and the Department of Public Instruction. Even though the Ceylon Technical College at Maradana (Colombo) was set up by the colonial government in 1893, accounting education was not given a place in its programs of studies for nearly fifty years from its inception.

### 3.2.1 Ceylon Technical College

During the early period of the colonial government in Sri Lanka, required personnel for various organisations such as Government factory, Printing office, Railway workshop, Spinning and Weaving factories were directly recruited from the UK. Although, there were a few private industrial schools in the country, apparently they were not properly organised. However, it was strongly felt that a central institution for theoretical and technical instructions was essential to meet the growing needs of the colonial
government. Eventually, in 1893 a technical school was set up in Colombo under the directions of the Department of Public Instruction. It offered technical courses such as lathe, drilling and boiler machine and admitted its first batch of students in November, 1893 (De Silva, 1969, De Silva, 1981).

Technical education received more attention when the responsibility for the direction of policy and its implementation passed into the hands of the Sri Lankans. With the introduction of the Donoughmore Constitution which provided for education to be looked after by the Executive Committee of Education of the State Council, more provisions were made for the development of education in the country. Consequently, in 1933, the Ceylon Technical College was re-organised and it was proved possible to prepare candidates locally for the external degree in Engineering of the University of London and the first such candidate was successfully presented in 1935 (De Silva, 1969).

It is important to note that, as mentioned earlier, from 1910 the Chamber of Commerce (Ceylon) and the Department of Public Instruction jointly held Certificate Examinations in short-hand, typewriting and book-keeping in the English medium. There was, however, no provision for these institutions to provide instruction to students to prepare for those examinations (Report of the Commission of Inquiry on Technical Education, 1963). The preparation of candidates for these certificate examinations was handled mainly by private academies. In 1942, the Ceylon Technical College was separated from the Department of Education (Formally Department of Public Instruction) and constituted as a distinct Department under the control of the Executive Committee of Education. With this development, the State Council approved the recommendations of the Executive Committee of Education, inter alia to offer elementary and advanced courses in Commerce to enable students to
acquire the qualifications expected of book-keepers and shorthand-typists, as well as the higher qualifications of recognised institutions of Secretaries, Accountants and Auditors (Report of the Commission of Inquiry on Technical Education, 1963; De Silva, 1969). Therefore, the Ceylon Technical College took steps to re-organise the courses jointly held by the Chamber of Commerce and the Department of Public Instruction and offered certificate and diploma courses in accounting. Accordingly, a certificate course for book-keepers and a diploma course for prospective accountants were launched by the Technical College in 1943 and 1946 respectively. The Commercial Certificate for Book-keepers was a one-year course. Subsequently, another one-year course at a higher level leading to the award of the Higher Commercial Certificate for Book-keepers was introduced for those who successfully completed the Commercial Certificate course for Book-keepers. Both these courses had been modelled on similar courses offered in the UK and were conducted in the English medium. These courses were very popular among students who anticipated employment as book-keepers or accounts clerks in government and private organisations. The subjects offered in these two courses are given in Table 3.1.

Table 3.1
Subjects offered in the Commercial Certificate and Higher Commercial Certificate for Book-keepers

<table>
<thead>
<tr>
<th>Commercial Certificate</th>
<th>Higher Commercial Certificate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Book-keeping</td>
<td>Accountancy</td>
</tr>
<tr>
<td>Elements of Commerce</td>
<td>Commerce and Finance</td>
</tr>
<tr>
<td>English</td>
<td>English</td>
</tr>
<tr>
<td>Commercial Geography</td>
<td>Commercial Arithmetic</td>
</tr>
</tbody>
</table>

Source: Ceylon Technical College Handbook - 1959

Since the Diploma in Accountancy was a four-year evening course offered at the professional level, the admission to the course was restricted to those who were engaged in accounting related activities. The curriculum of this course was quite similar to those of the leading professional accounting bodies in the UK.
3.2.2 Accountancy Board of Ceylon

During 1941-1959, the only authoritative body of accountancy existed in Sri Lanka was the Accountancy Board established by the government to prescribe regulations and conduct examinations for selecting suitable candidates for the government accounting service (Report of the Commission of Inquiry on Technical Education, 1963). Those who were selected by the Accountancy Board through its examinations were called 'Ceylon Registered Accountants'. The examinations conducted by this body were based on similar examinations of the British professional accounting bodies. The Accountancy Board also organised classes for prospective accountants in collaboration with a few private academies. A number of private academies conducted classes for accounting students who independently prepared for the external examinations of British professional accounting bodies. The first of those British professional examinations was held in Colombo in 1920 (Johnon and Caygill, 1971; Briston, and Kedslie, 1997). There was no local professional body of accountants available in Sri Lanka even by the late 1950s, thus prospective local accountants depended on the professional bodies in the UK for their professional qualifications. The most prominent of these British professional bodies were the Institute of Chartered Accountants in England and Wales (ICAEW), the Institute of Incorporated Accountants (IIA), the Association of Certified and Corporate Accountants (ACCA), and the Institute of Cost and Works Accountants (ICWA). Among them, the first two required the candidates to be articled under practising accountants, while the last two did not have such a requirement. It is interesting to note that all prospective Chartered accountants were required to go to the UK to be articled for five years, whereas it was possible for the Incorporated Accountants to be articled in Sri Lanka for four years and two months before going to England to take their examinations (Report of the Special Committee
Appointed to Investigate into the Structure of the Accounting Service, 1949). The membership of the other two professional bodies was open to those engaged in accounting activities and each of them was obtainable locally by completing the examination and satisfying the conditions as to the candidate's practical experience and character. Using the knowledge acquired through the Diploma in Accountancy course conducted at the Ceylon Technical College, a considerable number of accounting students completed the examinations of the above professional bodies and became British qualified professional accountants. In addition, a small number of students followed the examinations conducted by the British Institute of Book-keepers. Thus, it is important to note that since there was no local professional body of accountants even by the late 1950s, prospective accountants in Sri Lanka had to depend entirely on the professional bodies in the UK to obtain their professional qualifications. This shows that from the inception of accounting education in Sri Lanka local students had to be qualified in accounting examinations designed and prepared for a developed country environment. Moreover, some of the subjects prescribed for these examinations included subjects such as British Taxation, Company Law and General Commercial Knowledge which were not relevant to the country. It has been reported that a similar situation has existed in several other developing countries such as Jamaica, Nigeria and Kenya (Ezejelue, 1976; Mepham, 1977; Enthoven, 1977).

3.3 POST-INDEPENDENCE DEVELOPMENT OF ACCOUNTANCY

The colonial economy of Sri Lanka up to 1947 directed the whole gamut of business towards the plantation based export sector. The organisations engaged in these businesses had been set up by British investors as sole proprietorships, partnerships and limited liability companies in accordance with the British model. Accordingly, even after the country gained independence, the business sector in Sri Lanka was mainly
driven by the British influence. For example, British companies such as Walkers, Lipton's, Browns, Heylies, Mackey's, Cargills, Millers, Collettes, and Freudenberg were mainly engaged in export and import trade in the country. The financial statements of these companies were published primarily in Britain in order to comply with the British company legislation.

The Joint Stock Companies Ordinance No. 4 of 1861 was the beginning of British company legislation in Sri Lanka. This Ordinance constituted the law relating to the formation and activities of companies. However, it did not include any provisions to make the publication and audit of company financial statements obligatory. Although some of the changes of the statute law of England led to some amendments from time to time to the law applicable to Sri Lanka, the local statute did not keep pace with the UK law. However, after the enactment in the UK of the Companies Act of 1929, steps were taken to revise the company law and to follow closely the principles and provisions of the English Companies Act of 1929. With this end in view the Companies Ordinance No. 51 of 1938 was enacted to amend and consolidate the law relating to companies in Sri Lanka. Until the enactment of the Companies Act No. 17 of 1982, the Companies Ordinance No. 51 of 1938 remained basically the statute relating to the substantive principles of the Company Law in Sri Lanka. The Companies Act of 1982 made certain major changes from the 1938 Ordinance. The major changes included the following: Enlargement of the concept of public liability companies; requirements imposing greater discipline over incorporation; greater opportunity for the public inspection of shareholdings; Registrar’s powers of inspection of companies; prescribed qualifications for company secretaries; provision for the removal of directors; and the protection of minority shareholders. Further, the Registrar of
Companies was given power for the conversion of private companies to public limited companies.

Until 1982, the capital market in Sri Lanka was synonymous with the Colombo Brokers Association (CBA) established in 1904. Since the inception of the Colombo Brokers Association, it has been a feature peculiar to Sri Lanka to combine stockbroking with produce-broking (Grigson, 1968). The stock market was operated by five companies, and they were all produce brokers dealing for the most part in tea, rubber and coconut and sundry other produce exports. The reason for this combination of operations was that the turnover has always been so small that a pure stockbroking company could never have survived. The shares that were commonly bought and sold in the market were mostly those of plantation companies, and a few commercial and industrial companies (Alluvihare, 1970). One of the principal reasons for the inactivity of the stock market was the insensitivity of the company law to the changing needs of the business environment. For example, until 1982, the Colombo Brokers Association was the authority for granting public quotations and it was empowered, subject to endorsement by the Ceylon Chamber of Commerce, to lay down rules and regulations for companies wishing to have shares quoted in the official list. The by-laws of the Colombo Brokers Association were closely modelled on those of the London Stock Exchange and were far in advance of the requirements of the company law which was based on an Ordinance enacted in 1938. Because of the requirements CBA by-laws were much more exacting than the basic legal requirements of the Companies Ordinance, companies were reluctant to have their shares quoted.

The enactment of the Companies Act No. 17 of 1982 and the reorganisations took place in the capital market since 1982 gave a significant boost to the company formation in Sri Lanka. In particular, the re-establishment of the stock market
administered by the Colombo Brokers Association as the Colombo Stock Exchange contributed to this process greatly by providing expanded facilities for raising company capital through issues of shares and other types of securities. Consequently, the corporate financing gradually improved from the traditional borrowings from banks or private sources to issue of stocks and shares to the general public. As a response to these developments, there has been a steady growth in the formation of companies in Sri Lanka during the last two decades.

Accounting manpower requirements had also been an emerging issue in the country after the independence. According to the Report of the Commission of Inquiry on Technical Education-1963, there were only 271 financial accountants and 15 cost accountants employed in various organisations in Sri Lanka by 1961. These accounting personnel have been working mainly in government institutions with a few in private firms. All of them had obtained their professional accounting qualifications from the UK. As estimated by the Commission, additional requirements of financial accountants and cost accountants for the period 1962-1970 were 97 and 30 respectively (Report of the Commission of Inquiry on Technical Education, 1963). During this period, a few British Audit firms such as Turquand and Young, Ford Rhodes, Thornton & Co., and Somerville & Co. opened up their branches in Sri Lanka to continue with private audit and management services for their clients. Thereafter, many prospective local accounting students joined these firms as articled clerks or accounts trainees while preparing for their professional examinations.

Another significant development during the post-independence period was the introduction of commerce education to the school system of Sri Lanka. Nevertheless, it was confined only to a few leading assisted schools at the beginning. Book-keeping was one of the subjects taught in the commerce classes of these schools. However, the
Chapter Three: Historical Development of Accounting Education in Sri Lanka

school authorities at that time had not attached any importance to these subjects. The heads of schools who wished to keep those students who were good at sports in the school found for them a safe refuge in the commerce classes (Commerce Education, 1962). However, by the early 1960s, General Commercial Knowledge, Commercial Arithmetic and Accounting had been added to the curricula of a considerable number of secondary schools in the government sector as well. In order to provide a systematic training to teachers who were engaged in teaching these commerce subjects in schools, a two-year teacher training program was started at the Maharagama Teachers' College in 1960. Accounting was one of the main subject areas included in this program. Particularly after launching of the teacher training program, teaching of accounting and other commerce subjects in the GEC ordinary and advanced-level classes spread more rapidly to many secondary schools in the country. Thus, over the last two decades, Commerce and Finance and Accountancy have been two of the most popular subjects for GCE Advanced-Level students in the country. Many students who study these subjects in schools have entered universities and technical colleges every year for furthering their studies in commerce related disciplines.

3.3.1 Ceylon Technical College

During the post-independence period the Ceylon Technical College gained momentum in commerce and accountancy education through the offering of courses at certificate, diploma and professional levels. During 1950s and the beginning of 1960s, in response to the needs of the expanding economy, substantial number of accounting students enrolled in accountancy and other commerce courses offered by the Ceylon Technical College, Colombo. The number of students enrolled in these courses in 1962 are shown in Table 3.2.
As shown in Table 3.2, of the various courses offered by the Ceylon Technical College the Diploma in Accountancy has attracted the largest number of students. One of the main reasons for this popularity was that the knowledge gained through this course would help the diplomates to successfully complete some British professional examinations locally and qualify as professional accountants. Moreover, the implementation of economic development programs and the setting up of new enterprises both in the public and private sectors increased the demand for accounting personnel in the country. In response to this demand, the Ten Year Plan proposed to develop the commerce department of the Ceylon Technical College into a full-fledged College of Commerce providing a full range of courses up to professional and degree levels (Report of the Commission of Inquiry on Technical Education, 1963). The establishment of a full-fledged College of Commerce, however, did not materialise mainly due to several financial and other constraints. Despite these difficulties,
however, Diploma courses in accountancy and commerce became very popular among students due to the increased demand for such qualifications. The majority of students who completed these diploma courses entered the accounting practice and a considerable number of them subsequently became professionally qualified accountants by completing local or British professional accounting examinations. A sizeable number of others joined the teaching profession in higher educational institutions. Table 3.3 shows the subjects offered in the Diploma in Accountancy course conducted during 1964-1968.

Table 3.3
Subjects offered in the Diploma in Accountancy Course - Ceylon Technical College, Colombo (1964-1968)

<table>
<thead>
<tr>
<th>First Year (Preliminary)</th>
<th>Second Year (Intermediate)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Book-keeping &amp; Accounts</td>
<td>Accounting I (including Limited Companies)</td>
</tr>
<tr>
<td>Elements of Economics</td>
<td>Accounting II (including Partnerships)</td>
</tr>
<tr>
<td>Elements of Commercial Law</td>
<td>Auditing</td>
</tr>
<tr>
<td>General Commercial Knowledge</td>
<td>Elements of Statistical and Costing Methods</td>
</tr>
<tr>
<td></td>
<td>General Commercial Knowledge (including Economics)</td>
</tr>
<tr>
<td></td>
<td>Commercial Law</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Third Year (Final Part I)</th>
<th>Fourth Year (Final Part II)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advanced Accounting I (Including Limited Companies)</td>
<td>Management Accounting</td>
</tr>
<tr>
<td>Advanced Accounting II (including Partnership &amp; executorship accounts)</td>
<td>Auditing</td>
</tr>
<tr>
<td>Partnership and Company Law</td>
<td>Taxation</td>
</tr>
<tr>
<td>Law relating to Executors and Administrators</td>
<td>General Financial Knowledge</td>
</tr>
<tr>
<td>Trusts, Insolvency, Arbitration and Awards</td>
<td></td>
</tr>
</tbody>
</table>


In addition to the Diploma in Accountancy course launched in 1946, three years later the Ceylon Technical College introduced a four-year Diploma in Commerce course which was based on a curriculum similar to that of a typical Bachelor of Commerce degree. This course also had an accounting orientation with the inclusion of five separate subjects in accounting. Table 3.4 shows the subjects offered in this course during 1964-1968. This diploma was recognised by the Government of Sri Lanka as
equivalent to a bachelor’s degree in Commerce of a university for the purpose of offering employment in the public sector. Some students who obtained this diploma also entered the accounting profession by completing examinations of professional accounting bodies.

Table 3.4
Subjects offered in the Diploma in Commerce Program - Ceylon Technical College, Colombo (1964-1968)

<table>
<thead>
<tr>
<th>First Year</th>
<th>Second Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elements of Economics</td>
<td>Principles of Economics</td>
</tr>
<tr>
<td>Economic History</td>
<td>Applied Economics</td>
</tr>
<tr>
<td>Economic Geography</td>
<td>Economic History of the Great Powers</td>
</tr>
<tr>
<td>Book-Keeping and Accounts</td>
<td>Elementary statistical Methods</td>
</tr>
<tr>
<td>Commerce and Finance</td>
<td>Accounting</td>
</tr>
<tr>
<td>Principles and Structures of Government</td>
<td>General Principles of Law with special reference to the Law of Contract</td>
</tr>
<tr>
<td>English</td>
<td>Government</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Third Year</th>
<th>Fourth Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principles of Economics</td>
<td>Accounting, including Cost Accounting</td>
</tr>
<tr>
<td>Applied Economics</td>
<td>Accounting, including Taxation</td>
</tr>
<tr>
<td>Economic History of the Great Powers</td>
<td>Business Administration</td>
</tr>
<tr>
<td>Statistical Methods and their application to Business</td>
<td>Commercial Law with special reference to Company Law</td>
</tr>
<tr>
<td>Accounting, including Cost Accounting</td>
<td>Public Finance</td>
</tr>
<tr>
<td>General Principle of Law with special reference to Commercial Law</td>
<td></td>
</tr>
<tr>
<td>Government, including Political Ideas</td>
<td></td>
</tr>
</tbody>
</table>

Source: Sri Lanka Technical College, Colombo, 1967

3.3.2 Junior Technical Colleges

With the expansion of the economy of Sri Lanka, there emerged a growing need for craft-level technical education. All governments formed after independence pledged their constituents, among other things, to set up technical institutions to upgrade and facilitate such education at the regional level. Moreover, there was a tendency of several international bodies such as UNESCO, ILO, and World Bank to support developing nations to upgrade their educational standards through technical expertise, financial aid, scholarships and assistance schemes. Consequently, in addition to the Ceylon Technical College in Colombo, several junior technical colleges were set up in
a few more provinces of the country. Table 3.5 shows the gradual expansion of technical institutions in the country from 1950 to 1995. As shown in this table, two Junior Technical Colleges were established in the northern (Jaffna) and central provinces (Kandy) in 1959. These colleges gained the popularity through their diploma and certificate courses and eventually became the models for other technical colleges which were set up subsequently in different parts of the country. Many of these technical institutions were originally equipped to provide instructions in the basic trades in the fields of metal work, wood work, electrical and motor mechanism and in the commercial arts such as stenography and book-keeping at the certificate level. However, with the expansion of facilities and staff, several other courses were also offered. Particularly with this expansion, another Junior Technical College was set up in Badulla in 1962. As a result of launching these technical colleges, commerce and accounting education was spread more rapidly to many other parts of the country as shown in the Table 3.5.

During 1960's, diploma courses in accountancy and commerce were not offered in junior technical colleges mainly due to the lack of qualified staff and other resource constraints. Nevertheless, the certificate courses such as Commercial Certificate for Book-Keepers and Short-hand Typists, Higher Commercial Certificate for Book-Keepers and Short-hand Typists were in high demand by students in these junior colleges. Commerce courses offered by the junior technical colleges at Kandy, Galle, Jaffna and Badulla and the number of students enrolled in these courses in March 1962 are given in Table 3.6.
### Table 3.5

<table>
<thead>
<tr>
<th>Name of the College</th>
<th>Year of establishment</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) National Technical Teacher Training College</td>
<td>1983</td>
</tr>
<tr>
<td>(b) Grade 1 Technical Colleges</td>
<td></td>
</tr>
<tr>
<td>1. Sri Lanka Technical College</td>
<td>1894</td>
</tr>
<tr>
<td>2. Hardy Technical College</td>
<td>1960</td>
</tr>
<tr>
<td>3. Badulla</td>
<td>1962</td>
</tr>
<tr>
<td>4. Galle</td>
<td>1967</td>
</tr>
<tr>
<td>5. Dehiwala</td>
<td>1968</td>
</tr>
<tr>
<td>6. Jaffna</td>
<td>1959</td>
</tr>
<tr>
<td>7. Kandy</td>
<td>1959</td>
</tr>
<tr>
<td>8. Warakapola</td>
<td>1978</td>
</tr>
<tr>
<td>10. Beliatta</td>
<td>1985</td>
</tr>
<tr>
<td>11. Kurunegala</td>
<td>1965</td>
</tr>
<tr>
<td>13. Ratmalana</td>
<td>1988</td>
</tr>
<tr>
<td>14. Samanthurai</td>
<td>1974</td>
</tr>
<tr>
<td>(c) Grade II Technical Colleges</td>
<td></td>
</tr>
<tr>
<td>1. Anuradhapura</td>
<td>1965</td>
</tr>
<tr>
<td>2. Dambulla</td>
<td>1982</td>
</tr>
<tr>
<td>3. Hasalaka</td>
<td>1981</td>
</tr>
<tr>
<td>4. Homagama</td>
<td>1979</td>
</tr>
<tr>
<td>5. Kalutara</td>
<td>1974</td>
</tr>
<tr>
<td>6. Kegalle</td>
<td>1964</td>
</tr>
<tr>
<td>7. Matara</td>
<td>1974</td>
</tr>
<tr>
<td>8. Mattakuliya</td>
<td>1978</td>
</tr>
<tr>
<td>9. Nuwara Eliya</td>
<td>1979</td>
</tr>
<tr>
<td>10. Ratnapura</td>
<td>1975</td>
</tr>
<tr>
<td>11. Monaragala</td>
<td>1988</td>
</tr>
<tr>
<td>(d) Affiliated Technical Units</td>
<td></td>
</tr>
<tr>
<td>1. Balapitiya</td>
<td>1982</td>
</tr>
<tr>
<td>2. Patha Dumbara</td>
<td>1978</td>
</tr>
<tr>
<td>3. Wariyapola</td>
<td>1982</td>
</tr>
<tr>
<td>4. Batticcaloa</td>
<td>1983</td>
</tr>
<tr>
<td>5. Gampaha</td>
<td>1983</td>
</tr>
</tbody>
</table>

Table 3.6

Commerce courses conducted in junior technical colleges in different parts of the country

<table>
<thead>
<tr>
<th>Course</th>
<th>Number of Students</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>English Medium</td>
</tr>
<tr>
<td><strong>Kandy:</strong></td>
<td></td>
</tr>
<tr>
<td>Commercial Certificate for Book-Keepers</td>
<td>8</td>
</tr>
<tr>
<td>and Short-Hand Typists</td>
<td></td>
</tr>
<tr>
<td>Higher Commercial Certificate for Book-</td>
<td>2</td>
</tr>
<tr>
<td>Keepers and Short-hand Typists</td>
<td></td>
</tr>
<tr>
<td><strong>Galle:</strong></td>
<td></td>
</tr>
<tr>
<td>Commercial Certificate for Book-Keepers</td>
<td>20</td>
</tr>
<tr>
<td>and Short-hand Typists</td>
<td></td>
</tr>
<tr>
<td>Higher Commercial Certificate for Book-</td>
<td>8</td>
</tr>
<tr>
<td>Keepers and Short-hand Typists</td>
<td></td>
</tr>
<tr>
<td><strong>Jaffna:</strong></td>
<td></td>
</tr>
<tr>
<td>Commercial Certificate for Book-Keepers</td>
<td>17</td>
</tr>
<tr>
<td>and Short-hand Typists</td>
<td></td>
</tr>
<tr>
<td>Book-Keepers (Commercial Certificate)</td>
<td>13</td>
</tr>
<tr>
<td>Short-hand Typists (Commercial Certificate)</td>
<td>1</td>
</tr>
<tr>
<td>Higher Commercial Certificate for Book-</td>
<td>2</td>
</tr>
<tr>
<td>Keepers</td>
<td></td>
</tr>
<tr>
<td>Higher Commercial Certificate for Short-</td>
<td>2</td>
</tr>
<tr>
<td>hand Typists</td>
<td></td>
</tr>
<tr>
<td>Stenographers</td>
<td>10</td>
</tr>
<tr>
<td><strong>Badulla:</strong></td>
<td></td>
</tr>
<tr>
<td>Higher Commercial Certificate for Book-</td>
<td>-</td>
</tr>
<tr>
<td>Keepers and Short-hand Typists</td>
<td></td>
</tr>
</tbody>
</table>


It is important to note that these junior technical colleges took important steps to expand commerce and accountancy education in the island through their certificate and diploma courses. Consequently, at the provincial level, many prospective candidates including high school leavers have been able to secure employment in positions such as bookkeepers, commerce/accounts teachers, and accounts clerks in government, local government and private commercial establishments. Moreover, commerce and accounting instructors who were attached to technical colleges and universities provided their services to high schools through annual seminars and guest lectures in commerce and accountancy in order to help students in preparing for their General Certificate of Education (Advanced level) examinations.

2 General Certificate of Education (Advanced Level) examination is also the entrance examination for all universities in Sri Lanka.
Over the past three decades, in addition to the accounting courses offered by the premier technical college in Colombo, similar courses were conducted in most of the regional technical colleges. With the development of resources and staff, there has been an appreciable expansion of courses offered through the technical college system throughout the country. The Diploma in Accountancy and the Diploma in Commerce courses were reorganised and renamed in 1982 as Higher National Diploma in Accountancy and Higher National Diploma in Commerce respectively. These four-year courses were conducted as day courses for non-working students and evening courses for working students. The other tertiary level business related diploma courses run by technical colleges are the National Diploma in Business Studies and National Diploma in Business and Finance. The duration of these courses is 3 years.

Recently, a major change took place in the administration of technical education courses in the country. Until April 1996, all courses at diploma and higher diploma levels were administered by the Department of Technical Education and Training (DTET) in the Ministry of Education. In May 1996, the responsibility of conducting all such courses was transferred to a new institution called Sri Lanka Institute of Advanced Technical Education (SLIATE), which was set up under the Ministry of Education and Higher Education. The courses of studies conducted by institutions involved in technical education in Sri Lanka are given in Table 3.7.
Table 3.7
Courses of training conducted by institutions dealing with technical education in Sri Lanka

<table>
<thead>
<tr>
<th>Course</th>
<th>Institution</th>
<th>Academic level</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Certificate for Accounting Technicians (NCAT)</td>
<td>Department of Technical Education and Training (DTET)</td>
<td>Technical Level</td>
</tr>
<tr>
<td>National Diploma in Business Finance (NDBF)</td>
<td>Sri Lanka Institute of Advanced Technical Education (SLIATE)</td>
<td>Diploma Level</td>
</tr>
<tr>
<td>Higher National Diploma in Accountancy (HNDA) and Higher National Diploma in Commerce (HNDC)</td>
<td>Sri Lanka Institute of Advanced Technical Education (SLIATE)</td>
<td>Higher Diploma level</td>
</tr>
</tbody>
</table>


Subjects offered in the Higher National Diploma in Accountancy and the Higher National Diploma in Commerce are given in Table 3.8. This table shows that about 45 percent of the subject matter in the Higher National Diploma in Accountancy covers various aspects of accounting while the balance is devoted to business law, finance, taxation, information technology, and management. From the beginning of the 1996 academic year, the medium of instruction in these courses has been changed to English as follows: about 25 percent of instruction in the first year, 50 percent in the second year, 75 percent in the third year, and 100 percent in the final year. It is evident from Table 3.8 that several subjects offered in the four-year Higher National Diploma in Accountancy course are similar to some of the professional-level subjects of the ICASL examinations. However, the students who successfully complete this diploma are not exempted from any of those subjects in the professional examinations of the ICASL.
Table 3.8

Subjects offered in the Higher National Diploma Courses

<table>
<thead>
<tr>
<th>Higher National Diploma in Accountancy Course -1995</th>
<th>Year Three</th>
<th>Year Four</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year One</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial Accounting</td>
<td>Advanced Financial Accounting</td>
<td>Management Accounting &amp; Operational Research</td>
</tr>
<tr>
<td>Auditing</td>
<td>Taxation</td>
<td>Financial Management</td>
</tr>
<tr>
<td>Business Communications</td>
<td>Corporate Law</td>
<td>Auditing Practice</td>
</tr>
<tr>
<td>Year Two</td>
<td>Information Technology</td>
<td>Management</td>
</tr>
<tr>
<td>Cost and Management Accounting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounting Theory</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Auditing: Principles, Techniques and Procedures</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Economics, Finance and Commerce</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial and Industrial Law</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year Four</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Term Papers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business Environment (Business Law, Taxation, Economics and Management)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business Mathematics, Statistics and Data Processing</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Higher National Diploma in Commerce Course -1995</th>
<th>Year Three</th>
<th>Year Four</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year One</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business Communications</td>
<td>Modern Management Techniques</td>
<td>Computing</td>
</tr>
<tr>
<td>Computer Applications</td>
<td>Monetary Economics</td>
<td>Practice II</td>
</tr>
<tr>
<td>Mathematics and Statistics</td>
<td>Cost and Management Accounting</td>
<td></td>
</tr>
<tr>
<td>Principles of Management</td>
<td>Law Relating to Public Sector Organisations</td>
<td></td>
</tr>
<tr>
<td>Financial Accounting</td>
<td>Business Communications III (English)</td>
<td></td>
</tr>
<tr>
<td>Term Papers</td>
<td>Computing Practice I</td>
<td></td>
</tr>
<tr>
<td>Year Two</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organisational Behaviour and Personnel Management</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advanced Economic Theory</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advanced Financial Accounting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial and Commercial Law</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business Communications II</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Computing Practice I</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Optional Modules</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management Information Systems</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business Calculation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Auditing and Taxation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office Management</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketing Management</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Production Economics</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance Management</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Term Papers</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

As such, these diplomates are required to appear for all the professional-level subjects if they wish to be qualified as chartered accountants. Table 3.8 also shows that the accounting orientation has continued in the Higher National Diploma in Commerce program, with a combination of subjects in Financial Accounting, Advanced Financial
Accounting, Auditing and Taxation, Cost and Management Accounting, and Financial Planning and Management Accounting.

3.3.3 The Institute of Chartered Accountants in Sri Lanka (ICASL)

In 1950, a recommendation was made to the government by the L.M.D. de Silva Commission on Company Law that a professional accounting body under the title of Institute of Chartered Accountants of Ceylon be established. This recommendation, however, was considered important only about nine years later and accordingly the Institute of Chartered Accountants in Sri Lanka (ICASL) was established on 15 December 1959 under the act of parliament No. 23 of 1959. The Institute was to be governed by a Council, which was responsible for the administration and management of the Institute. The mission of the Institute was to be the premier national institute of accountants committed to serving society, by promoting and developing accountancy expertise towards resource management at the highest levels of integrity and competence. The main duties of the Council included the following: (1) to conduct qualifying examinations and prescribe courses of study, (2) to supervise and regulate student education and training, (3) to maintain professional standards and acquaint members with the methods and practices necessary to maintain standards, (4) to encourage research in accountancy and related subjects, and (5) to secure the well-being and advancement of the profession. These main duties of the Council have been focused on two clients: (1) qualified members of the Institute and (2) students following the Institute's courses and taking its examinations. Since the inception, the ICASL has been the main centre of accounting education and training in the country. It provided the opportunity for prospective accountants to become qualified as Chartered accountants within the country. However, apart from the fact that Chartered accountants could be produced locally, the method of education and training used for
training such accountants continued to be the same as that of the Institute of Chartered accountants in England and Wales. Following the British model, the ICASL also introduced its own examinations and only those who passed those examinations and successfully completed the specified period of practical training were admitted to the membership of the Institute as "Chartered Accountants".

A committee was set up by the ICASL in 1973 under the title of Future Training of Accountants (FTA) for a major curriculum revision in the Institute. The main functions of the FTA were to identify weaknesses in the existing system of training provided under the Articles of Agreement of the ICASL and to make recommendations for improving the system. Accordingly, on the basis of its investigation and findings, this committee submitted a comprehensive report which included several important comments and recommendations. One of the main comments was that the system of education and training provided under the Articles of Agreement of the ICASL had been based almost entirely on the old British system of such training and it was inadequate to meet the different needs of Sri Lanka. Therefore, the committee proposed to introduce, instead, a much more flexible system (Accountant, 1973; Manoharan, 1974). Subsequently, as a response to the recommendations of this committee, the ICASL changed the name of its training scheme from 'articles' to 'practical training' and reduced the duration of training from 5 to 3 years for university graduates and 4 years for non-graduates. Furthermore, the ICASL introduced a new examination structure in 1976. However, this new examination structure and the eventual reduction in the duration of practical training were nothing more than directly following the same changes that had been introduced by the Institute of Chartered Accountants in England and Wales (ICAEW, 1997a). In this regard, Briston (1978) pointed out that the new structure was 'a rehash of
Chapter Three: Historical Development of Accounting Education in Sri Lanka

traditional accounting subjects rather than a fundamental reassessment of the subjects in which a qualified accountant should be skilled'. Referring to these changes, Briston further noted that,

The disappointing remedy prescribed in Sri Lanka following such a foresighted analysis of the disease is largely attributable to deep-seated British influence exercised directly through underlying commercial attitudes and through the cardre of UK qualified professional accountants in that country (1978: 115).

From its inception, the ICASL has been continuing as the only local professional body which could produce chartered accountants for Sri Lanka. Particularly since 1970s, student enrolments of the ICASL have increased significantly. For example, the total enrolment in 1974 was about 750 students and it increased to more than 10,000 in 1988. Despite this increase in the student numbers, the number of chartered accountants produced locally remained to be at a very low level. For example, the total number of chartered accountants produced by the ICASL during the entire 37 years of its existence from 1959 to 1996 amounted to only 1759 (ICASL, Annual Report and Accounts, 1996). A major reason for this short supply of chartered accountants is said to be the excessively high failure rate at the ICASL examinations. This is evident from the data presented in the annual reports of ICASL over the past three decades. Consequently, many prospective accountants have continued to depend on British professional bodies such as CIMA and ACCA for becoming professionally qualified accountants. Even today, students enrol in large numbers for locally conducted professional examinations of these British professional bodies. For example, the student enrolments for CIMA examinations have been about 5,110 as at May 1997 (Statistics-CIMA Branch-Sri Lanka, 1997). In order to prepare for these foreign examinations, students depend mostly on classes conducted by private academies. Nevertheless, some of the subjects they have to study for these foreign examinations are not relevant to the country.
Moreover, a sizeable amount of foreign exchange has been flowing out of the country annually as subscriptions and examinations fees for these British professional bodies.

Since the ICASL is the only local professional accounting body which is responsible for producing accountants in Sri Lanka, a more detailed account of the activities of this organisation is provided in Chapter 4.

3.4 ACCOUNTING EDUCATION AT THE UNIVERSITY LEVEL

The Sri Lankan university system was established in 1942 under the Ceylon University Ordinance No. 20 of 1942. However, it did not include commerce as a separate area of concentration in its programs of studies until the beginning of 1960. As pointed out in the Report of the Commission of Inquiry on Technical Education (1963), before 1960 commerce education at the University of Ceylon was confined only to a few subjects offered in the Bachelor of Arts special degree in Economics. In 1960, the Vidyodaya University of Ceylon took further steps in this area by launching two bachelor's degree programs in Business Administration and Public Administration at general and honours levels. Both these programs included a considerable number of accounting subjects. Furthermore, the Bachelor of Arts (Economics) degree program of this university also provided a specialisation in accountancy. As a further development in this area, the University of Ceylon (Peradeniya) introduced a program of studies leading to the Bachelor of Commerce degree in 1961. This program also included a considerable number of accounting subjects. When the universities in Sri Lanka were reorganised in 1972, all the universities came under one central administration. Consequently, each university became a campus of the University of Sri Lanka. One of the significant developments of this reorganisation was the rapid expansion of commerce education in the university system. For example, in addition to the Business and Public Administration degree programs, a new Bachelor of Commerce degree program with an
emphasis on accounting subjects was introduced at the Vidyodaya Campus in 1973. The author himself was an undergraduate of this program during 1973-1977. Subsequently, similar programs were started in other university campuses of Kelaniya, Colombo, Ruhuna and Jaffna. The new government formed by the United National Party in 1977, changed the university structure once again by abolishing the single university concept and renaming the above campuses as separate independent universities. As a result of these developments, by the beginning of 1997 commerce-based degree programs in Sri Lankan universities had increased to nineteen undergraduate degrees, four postgraduate degrees and three diplomas (ICASL-Survey 1997b). Although accounting was a major component in the curricula of most of these degree programs, a comprehensive accounting degree program was not offered by a single university in Sri Lanka until 1992.

For the first time in the history of university education in Sri Lanka, a separate academic department for accounting was set up and a comprehensive bachelor's degree program in accounting was started in 1992 by the University of Sri Jayewardenepura, which was originally known as the Vidyodaya University of Ceylon. This four year program of studies has been designed to cover the theoretical and practical aspects of accounting required for a high quality academic and professional degree in accounting. Another important feature of this program is its practical training scheme. Under this scheme, every undergraduate student is required to complete a 60-week program of practical training in a selected organisation as a compulsory requirement in the third and fourth years of the degree program. However, this accounting degree is still not recognised by the ICASL as a sufficient qualification for meeting the examination requirement of its membership. A more detailed account of the university-level accounting education in Sri Lanka is given in Chapter 5.
3.5 ASSOCIATION OF ACCOUNTING TECHNICIANS IN SRI LANKA

A report prepared by ICASL in 1986 highlighted the shortage of accounting technicians in the public and private sectors in Sri Lanka. In response to a recommendation of this report, the Association of Accounting Technicians in Sri Lanka (AATSL) was set up in 1987 at the initiative of the ICASL and the Asian Development Bank. The primary objectives of this association were to provide a qualification known as Accounting Technician to represent the technical competence of such persons and to promote accounting education and training at the technician-level. The qualification is based primarily on the results of an examination conducted by the AATSL. The structure of this examination consists of three parts as Stage 1, Stage 2 and Stage 3. The stage three includes three streams to represent accounting practices of the industry, commerce and public sectors. The AATSL conducts classes for some of its registered students but the majority of students depend on private educational institutions. At present there are about 14,000 registered students and the AATSL provides a limited amount of study material for these students. The minimum requirements for student registration include 6 passes at GCE (Ordinary Level) examination with a minimum of three credit passes including mathematics or arithmetic. Examination is held twice a year and approximately 3000 students sit for each part of the examination. Candidates who successfully complete the final examination of the AATSL could register for the Licentiate examination of the ICASL with exemptions from three subjects. At present around 750 students who have completed the AATSL final examination have registered with ICASL. The AATSL has expanded its activities to overseas in recent years and a branch has been set up in Maldives in August 1995. Thus, after completing the examinations and practical training, the Maldivian students get an opportunity to register with ICASL to pursue a career in Chartered accountancy (Watawala, 1995).
3.6 EDUCATION SYSTEM IN SRI LANKA

After completing seven years of compulsory primary education and six years of secondary education, students who intend to pursue further education at the tertiary level take the General Certificate of Education (Advanced Level) (GCE-A/L) examination. Successful completion of the GCE (A/L) examination is a prerequisite for entering programs of studies both in universities and other higher educational institutions such as technical colleges, the Law College, the ICASL, special training institutes of certain ministries and private sector institutions. At present there are 25 technical colleges in Sri Lanka. The country's university system consists of twelve full-fledged national universities operating under the titles of Colombo, Jaffna, Kelaniya, Moratuwa, Peradeniya, Rajarata, Ruhuna, Sabaragamuwa, Sri Jayewardenepura, Eastern, South Eastern and the Open University. The system also includes six postgraduate institutes, including a postgraduate institute of management. At the end of 1995, there were about 34,000 undergraduate students following degree courses in Arts (Social Sciences, Humanities and Fine Arts), Commerce, Management, Law, Science, Engineering (including Architecture), Medicine (including Dental Science and Indigenous Medicine) and Agriculture (including veterinary Science). In 1995, the Open University had an enrolment of about 21,000 students for its degree, diploma and other courses, which are normally offered to working students on part-time basis. In addition to the above, about 76,000 more students have enrolled for external degrees of the universities of Kelaniya, Peradeniya and Sri Jayewardenepura and the Eastern University. University degree courses are available from three to five years, depending on the level of each course being offered. The tertiary education system comprising universities and technical colleges covers nearly 90 percent of higher education provided in the country and is almost entirely financed by the government.
University education provides the bulk of the manpower requirements in higher echelons of professional skills. For example, professional education in fields such as medicine and dentistry, engineering, architecture, agriculture and business administration is provided by the university system. However, professional education in accounting is still left with the ICASL.

3.6.1 Accounting education within the high school

Commerce education has been introduced to the high school curriculum in grades 9 and 10 of the secondary level, where elementary accounting and commerce subjects are taught. After completing grade 10, students appear for the General Certificate of Education (Ordinary Level) examination (GCE.O/L). They can take a maximum of eight subjects, including accounting, for the GCE (O/L) and are required to pass at least in six subjects, including language and mathematics, in order to successfully complete this examination. Upon completion of this examination, a student can study for two more years at the high school and complete the GCE (Advanced Level) examination for entering a university or other higher education institution. Alternatively, a student may seek suitable employment on the basis of the GCE (O/L) without proceeding to a GCE (A/L) class. There are many avenues to proceed in higher education, depending on the interest of students. Those who pass in the G.C.E. (O/L) examination with appropriate credit passes are eligible to enter the senior secondary level (i.e. grades 11 and 12). Students at this level are categorised into two main streams as arts and science. Students pursuing commerce education are also included in the arts category. They are expected to select a combination of four subjects for their GCE (A/L), including Commerce and Finance, and Accountancy. After completing two years of studies at this level students could take the GCE (A/L) examination. On the basis of their performance at this examination, they can seek admission to universities on competitive
basis for pursuing their higher studies in general commerce, accountancy or management. However, with effect from 1997, this procedure has been changed so that a student is now required to pass an aptitude test in addition to obtaining sufficient marks in three subjects at the GCE (A/L) examination before he or she could seek university admission. According to this change, students seeking admission to a degree program in general commerce, accountancy, or management have to offer Business Studies, and Economics which are compulsory subjects plus any one of the following subjects at the GCE (A/L) examination: Accountancy, Business Statistics or Mathematics. In addition, they have to take one subject from (a) Foreign Languages (English, French, German, Japanese, Chinese) (b) Geography, (c) Political Science, (d) Logic, (e) Physics, (f) History, and (g) Agriculture.

Figure 3.1 shows the structure of commerce education including accounting education within the university system in Sri Lanka. As depicted in this figure, students who pass the GCE (A/L) examination enter various university degree programs on competitive basis, depending on their chosen fields of studies such as Arts and Social Sciences, Commerce, Physical Sciences and Bio Sciences. Students who enter a university through the commerce stream may pursue a degree program in general commerce, management or accountancy. Duration of all these degree programs is four years. The degree program in general commerce is available in the universities of Colombo, Kelaniya, Ruhuna, Jaffna, Sri Jayewardenepura and the Eastern University of Sri Lanka and the degree programs in management are conducted in the universities of Sri Jayewardenepura, Jaffna and the Eastern University of Sri Lanka. A degree program in accounting is currently available only at the University of Sri Jayewardenepura.
3.7 THE GOVERNMENT ACCOUNTING SERVICE IN SRI LANKA

In addition to the accounting education and training provided by the institutions mentioned in the previous sections, separate programs and facilities are available for providing education and training in government accounting and financial management to accountants in the government sector. The government accounting service was established in 1946 after the second world war, with a view to establishing accounting procedures for the government. This service was further expanded after 1948 to
facilitate expanding public services. Originally, a few scholarships were awarded to selected prospective government accounting candidates on the results of an Entrance Examination conducted by the Ceylon Technical College. The selected candidates had to follow the diploma course in accountancy conducted at the Ceylon Technical College for a period of 4 years. Those who successfully completed the course were entitled to sit for the Government Accounting Service Examination. The government Accounting Service Examination is conducted annually by the Department of Examinations of Sri Lanka. At present, most of the candidates for this examination are graduates.

Table 3.9
Existing facilities for education and training in government accounting

<table>
<thead>
<tr>
<th>Program/Course</th>
<th>Conducted by</th>
<th>Target group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diploma in Public Financial Management</td>
<td>Sri Lanka Institute of Development Administration</td>
<td>Members of the Sri Lanka Government Accountants' Service &amp; Sri Lanka Audit Service</td>
</tr>
<tr>
<td>Professional I II &amp; III Examinations</td>
<td>Institute of Public Finance &amp; Development Accountancy</td>
<td>Public Sector accounting, auditing &amp; finance management related personnel</td>
</tr>
<tr>
<td>Higher National Diploma in Accountancy</td>
<td>Technical Colleges</td>
<td>G.C.E Advanced Level qualified personnel</td>
</tr>
<tr>
<td>Higher National Diploma in Commerce</td>
<td>Technical Colleges</td>
<td>G.C.E Advanced Level qualified personnel</td>
</tr>
</tbody>
</table>


Currently, government accountants are trained mainly by the Sri Lanka Institute of Development Administration (SLIDA), which has been established with the objective of training government officers. This institute conducts an induction training program for new recruits to the government accounting service, and a Diploma in Public Financial Management (DPFM) is conducted for government accountants and government auditors. In addition, it offers a number of short term courses, which include subjects in accounting. Existing facilities for training in government accounting
are set out in Table 3.9. Accordingly, those who join the government accounting service follow the Higher National Diploma in accountancy or commerce courses conducted by the Sri Lanka Technical College to further their professional development. In addition, Institute of Public Finance and Development (IPFD), which is a sub-unit of the SLIDA, conducts professional I, II, and III examinations for government accountants, auditors and financial management related public officers to enhance their knowledge and skills in government accounting. Further to these initiatives, the Ministry of Finance, Planning, Ethnic Affairs and National Integration (MOF) has taken steps to upgrade the Public Financial Management system in the country with the assistance of the Asian Development Bank (ADB). The new program commenced in 1994 operates under the Financial Management Training Project (FMTP) of the MOF and seeks to improve the efficiency of financial management in the public sector. The training is provided for approximately 5000 persons as in-service training for accounting, auditing and financial management areas. Seven institutions have been identified as ‘Implementing Agencies’ to discharge the objectives of the project. They are SLIDA, National Institute of Business Management (NIBM), ICASL, University of Sri Jayewardenepura (USJ), AATSL, Auditor General (AG), and MOF (AAFM News, 1995).

3.8 SUMMARY

The above analysis of the historical development of accounting education in Sri Lanka reveals a number of weaknesses in the existing system. One of them is the failure of the country’s accounting education system to move away from the old British system which was inherited during the colonial era. Consequently, the task of producing accountants is still handled almost entirely by the local professional body along with a few British
professional bodies. Although it is evident from the experiences of other countries that the university is the most capable and appropriate institution for producing accountants in sufficient quality and quantity, the university system is still not adequately utilised for this purpose in Sri Lanka. University education in accounting is not fully recognised by the local professional body for the purpose of awarding provisional memberships to prospective accountants. Consequently, the local professional body has not been able to produce accountants sufficiently to meet the changing needs of the country. Moreover, although accounting education and training is provided by several different institutions in the country there is no proper co-ordination between these institutions. Some students complete a number of examinations at the same level at different institutions in order to obtain a professional accounting qualification.
CHAPTER FOUR

THE NATURE AND STATUS OF THE CURRENT SYSTEM OF PROFESSIONAL ACCOUNTING EDUCATION IN SRI LANKA

INTRODUCTION

For nearly four decades, the Institute of Chartered Accountants of Sri Lanka (ICASL) has been the main centre for providing education and training to prospective professional accountants in the country. However, throughout its existence the ICASL has followed the Institute of Chartered Accountants of England and Wales (ICAEW) almost entirely in designing and operating its educational programs, curriculum and practical training schemes. Therefore, in analysing the nature and status of professional accounting education in Sri Lanka an attempt is also made in this chapter to compare some of the activities of the ICASL with those of the ICAEW particularly in respect of their accounting curricula and practical training.

4.1 THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA (ICASL)

The establishment of the ICASL about 39 years ago has been the most significant event in the history of professional accounting education in Sri Lanka. Although in 1950 a recommendation was made to the government by the L.M.D Silva Commission on Company Law to set up an institute of chartered accountants it did not materialise until the end of 1950s. In September 1959, through the initiative of the Minister of Commerce the ICA Act No. 23 of 1959 was passed in parliament, providing the legal framework for setting up the Institute of Chartered Accountants in Sri Lanka. Accordingly, the ICASL was
officially established on 15 December 1959 under the Gazette Notification dated 3 December 1959.

The ICASL is governed by a 12-member Council which is responsible for the administration and management of the affairs of the institute, registration and control of membership of the institute, and the maintenance of professional standards and discipline of members. The mission of the ICASL is to be the premier national institute of accountants committed to serving society, by promoting and developing accountancy expertise towards resource management at the highest levels of integrity and competence (ICASL, 1997a).

4.1.1 Membership of the ICASL
At the time of setting up the Institute there were 121 chartered accountants as its pioneer members. They had obtained their professional qualifications from a number of British professional accounting bodies. The total number of ICASL members had increased to 1,759 by the year 1996 (ICASL, Annual Report and Accounts 1996). Although none of the members were females at the beginning there have been 318 female members representing 19 percent of the total membership in 1996. Table 4.1 shows the membership status of the ICASL for the last three and a half decades. Although this table shows a sluggish growth of membership during 1960s', there has been a continuous annual growth from the latter part of 1970s' to 1996. It is interesting to note that many members of the ICASL also hold the memberships of CIMA or ACCA in the United Kingdom. For example, 327 and 78 ICASL numbers also held the memberships of CIMA and ACCA respectively in 1996. In addition, 25 members held the memberships of the Institute of Chartered Accountants of England Wales (ICAEW). One reason for this is the historical link between Sri Lanka and Britain. The other reason seems to be the spurious belief of many Sri Lankans that what is not
British is not good. Nearly 400 ICASL members are university graduates, with 96 holding master's degrees such as MBA, MSc, or MA and 3 of them holding the Ph.D degree.

The procedure to be followed for obtaining membership of the ICASL is explained in its annual prospectus and announcements. Accordingly, having completed the professional examinations and the practical training requirements as laid down by the Council of ICASL, one would be eligible to apply for admission as an Associate Member of the Institute. When the applicant is admitted to the associate membership, he or she becomes entitled to use the title of 'Chartered Accountant' and/or the letters 'ACA' after his/her name. When an associate member completes the required number of years in service and fulfils the other professional development requirements he/she would be admitted as a Fellow with the entitlement of using the 'FCA' status of membership. As shown in Table 4.1, there were 536 FCA members by the end of 1996. A member, who has gained at least 2 years of practical training in a firm of practising chartered accountants after obtaining the Licentiate Certificate, may apply for a certificate to practice, and upon such certificate being issued may practise as an accountant or auditor.
Table 4.1
Annual output of members in the ICASL

<table>
<thead>
<tr>
<th>Year</th>
<th>Fellows (FCA)</th>
<th>Associates (ACA)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960</td>
<td>47</td>
<td>1</td>
<td>48</td>
</tr>
<tr>
<td>1961</td>
<td>11</td>
<td>-</td>
<td>11</td>
</tr>
<tr>
<td>1962</td>
<td>2</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>1963</td>
<td>10</td>
<td>3</td>
<td>13</td>
</tr>
<tr>
<td>1964</td>
<td>8</td>
<td>1</td>
<td>9</td>
</tr>
<tr>
<td>1965</td>
<td>16</td>
<td>1</td>
<td>17</td>
</tr>
<tr>
<td>1966</td>
<td>11</td>
<td>-</td>
<td>11</td>
</tr>
<tr>
<td>1967</td>
<td>14</td>
<td>3</td>
<td>17</td>
</tr>
<tr>
<td>1968</td>
<td>12</td>
<td>-</td>
<td>12</td>
</tr>
<tr>
<td>1969</td>
<td>22</td>
<td>2</td>
<td>24</td>
</tr>
<tr>
<td>1970</td>
<td>24</td>
<td>2</td>
<td>26</td>
</tr>
<tr>
<td>1971</td>
<td>44</td>
<td>5</td>
<td>49</td>
</tr>
<tr>
<td>1972</td>
<td>34</td>
<td>4</td>
<td>38</td>
</tr>
<tr>
<td>1973</td>
<td>18</td>
<td>4</td>
<td>22</td>
</tr>
<tr>
<td>1974</td>
<td>43</td>
<td>3</td>
<td>46</td>
</tr>
<tr>
<td>1975</td>
<td>40</td>
<td>6</td>
<td>46</td>
</tr>
<tr>
<td>1976</td>
<td>21</td>
<td>29</td>
<td>50</td>
</tr>
<tr>
<td>1977</td>
<td>22</td>
<td>38</td>
<td>60</td>
</tr>
<tr>
<td>1978</td>
<td>21</td>
<td>35</td>
<td>56</td>
</tr>
<tr>
<td>1979</td>
<td>18</td>
<td>47</td>
<td>65</td>
</tr>
<tr>
<td>1980</td>
<td>5</td>
<td>23</td>
<td>28</td>
</tr>
<tr>
<td>1981</td>
<td>20</td>
<td>54</td>
<td>74</td>
</tr>
<tr>
<td>1982</td>
<td>17</td>
<td>75</td>
<td>92</td>
</tr>
<tr>
<td>1983</td>
<td>11</td>
<td>54</td>
<td>65</td>
</tr>
<tr>
<td>1984</td>
<td>10</td>
<td>49</td>
<td>59</td>
</tr>
<tr>
<td>1985</td>
<td>6</td>
<td>74</td>
<td>79</td>
</tr>
<tr>
<td>1986</td>
<td>10</td>
<td>73</td>
<td>83</td>
</tr>
<tr>
<td>1987</td>
<td>4</td>
<td>73</td>
<td>77</td>
</tr>
<tr>
<td>1988</td>
<td>5</td>
<td>64</td>
<td>69</td>
</tr>
<tr>
<td>1989</td>
<td>2</td>
<td>57</td>
<td>59</td>
</tr>
<tr>
<td>1990</td>
<td>3</td>
<td>65</td>
<td>68</td>
</tr>
<tr>
<td>1991</td>
<td>-</td>
<td>57</td>
<td>57</td>
</tr>
<tr>
<td>1992</td>
<td>-</td>
<td>54</td>
<td>54</td>
</tr>
<tr>
<td>1993</td>
<td>-</td>
<td>86</td>
<td>86</td>
</tr>
<tr>
<td>1994</td>
<td>-</td>
<td>69</td>
<td>69</td>
</tr>
<tr>
<td>1995</td>
<td>-</td>
<td>37</td>
<td>37</td>
</tr>
<tr>
<td>1996</td>
<td>2</td>
<td>77</td>
<td>79</td>
</tr>
<tr>
<td></td>
<td>536</td>
<td>1223</td>
<td>1759</td>
</tr>
</tbody>
</table>

Source: The Institute of Chartered Accountants of Sri Lanka - Directory of Members and Firms: 1995-96
Members of the institute have been operating in various sectors of the economy as indicated in Table 4.2. In 1996, around 29 percent of members were employed in private industrial and commercial sectors while around 20 percent were in public practice. Three percent of members were in the state corporations/boards and government departments with another 3 percent in the banking sector. In 1996 only about 66 percent of members remained in the country while others had left for overseas either permanently or for gainful employment opportunities on short or long term basis. As such, only about 998 members were actively employed in different sectors of the economy during 1996.

Table 4.2
ICASL - Membership statistics - sectors of the economy

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Sector</td>
<td>363</td>
<td>383</td>
<td>437</td>
<td>432</td>
<td>458</td>
<td>498</td>
<td>504</td>
<td>506</td>
<td>28.7</td>
</tr>
<tr>
<td>Public Practice</td>
<td>287</td>
<td>295</td>
<td>310</td>
<td>306</td>
<td>309</td>
<td>332</td>
<td>346</td>
<td>359</td>
<td>20.4</td>
</tr>
<tr>
<td>State Corp./Boards</td>
<td>50</td>
<td>56</td>
<td>54</td>
<td>59</td>
<td>56</td>
<td>62</td>
<td>45</td>
<td>47</td>
<td>2.7</td>
</tr>
<tr>
<td>Government</td>
<td>35</td>
<td>37</td>
<td>34</td>
<td>36</td>
<td>38</td>
<td>45</td>
<td>27</td>
<td>33</td>
<td>1.8</td>
</tr>
<tr>
<td>Banks</td>
<td>24</td>
<td>23</td>
<td>31</td>
<td>28</td>
<td>42</td>
<td>47</td>
<td>49</td>
<td>53</td>
<td>3.0</td>
</tr>
<tr>
<td>Retired and not indicated</td>
<td>89</td>
<td>27</td>
<td>26</td>
<td>28</td>
<td>65</td>
<td>52</td>
<td>81</td>
<td>162</td>
<td>9.2</td>
</tr>
<tr>
<td>Clergy</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>0.1</td>
</tr>
<tr>
<td>In Sri Lanka</td>
<td>850</td>
<td>823</td>
<td>894</td>
<td>895</td>
<td>970</td>
<td>1038</td>
<td>1054</td>
<td>1162</td>
<td>66.0</td>
</tr>
<tr>
<td>Abroad</td>
<td>607</td>
<td>668</td>
<td>617</td>
<td>637</td>
<td>604</td>
<td>590</td>
<td>601</td>
<td>597</td>
<td>34.0</td>
</tr>
<tr>
<td>Total</td>
<td>1457</td>
<td>1491</td>
<td>1511</td>
<td>1532</td>
<td>1574</td>
<td>1628</td>
<td>1655</td>
<td>1759</td>
<td>100.0</td>
</tr>
</tbody>
</table>


Table 4.3 shows the expansion of membership of ICASL from 1990 to 1996. It is important to note that while the number of ACAs has increased consistently the number of FCAs has shown a declining trend from 1992 to 1995. One apparent reason for this situation was that many FCAs had left the country for overseas employment and migration purposes but did not renew their membership. There has also been about 2.7 percent loss of membership in both categories due to resignations, lapses and deaths. Overall, what is
clearly seen from the figures in Table 4.3 is that the annual growth of members in ICASL has been only about 3 percent during 1990-96.

Table 4.3
ICASL Membership status - 1990-1996

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Members as at 1 January</td>
<td>1457</td>
<td>1491</td>
<td>1511</td>
<td>1532</td>
<td>1574</td>
<td>1628</td>
<td>1655</td>
</tr>
<tr>
<td>Enrolments/Restorations during year</td>
<td>78</td>
<td>62</td>
<td>64</td>
<td>94</td>
<td>89</td>
<td>79</td>
<td>147</td>
</tr>
<tr>
<td>Less: Resignations, lapses and deaths</td>
<td>1535</td>
<td>1553</td>
<td>1575</td>
<td>1626</td>
<td>1663</td>
<td>1707</td>
<td>1802</td>
</tr>
<tr>
<td>Members as at 31 December</td>
<td>1491</td>
<td>1511</td>
<td>1532</td>
<td>1574</td>
<td>1628</td>
<td>1655</td>
<td>1759</td>
</tr>
<tr>
<td>Increase</td>
<td>34</td>
<td>20</td>
<td>21</td>
<td>42</td>
<td>54</td>
<td>27</td>
<td>104</td>
</tr>
</tbody>
</table>

Classification of year-end membership

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Associates</td>
<td>958</td>
<td>973</td>
<td>993</td>
<td>1043</td>
<td>1113</td>
<td>1157</td>
<td>1223</td>
</tr>
<tr>
<td>Fellows</td>
<td>533</td>
<td>538</td>
<td>539</td>
<td>531</td>
<td>515</td>
<td>498</td>
<td>536</td>
</tr>
<tr>
<td>Total</td>
<td>1491</td>
<td>1511</td>
<td>1532</td>
<td>1574</td>
<td>1628</td>
<td>1655</td>
<td>1759</td>
</tr>
</tbody>
</table>


Table 4.4 shows the availability of ICASL members per million of population in Sri Lanka from 1990 to 1995. Accordingly, the average number of locally qualified chartered accountants residing in the country has been only 53 per million of people. This average is based on the number of ICASL qualified accountants who were actually resident in Sri Lanka during 1990-1995. Even when the number of ICASL members who have left the country is added to this figure the number of locally produced accountants, on average, was as low as 92 per million of people. However, there has been a considerable number of accountants holding the membership of a British professional accounting body. Nevertheless, even when this numbers was added, the total number of professionally qualified accountants working in Sri Lanka appeared to be less than 2,000, representing
only about 111 accountants per million of people. When compared with this situation in Sri Lanka, several other DCs, which were British colonies some decades ago, appeared to have produced much greater number of accountants for their economies. For example, Malaysia with a population of about 18 million, which is quite similar to that of Sri Lanka, has had about 600 qualified accountants per million of people in 1996. Similarly, Singapore with a population of less than three million, has recorded a total of over 3,000 qualified accountants per million of people in 1996 (MacGregor, et al, 1997). Thus, it is obvious from these comparative figures that the number of professionally qualified accountants operating in Sri Lanka is grossly inadequate for meeting the development needs of the country.

Table 4.4
Country's population and ICASL membership

<table>
<thead>
<tr>
<th>Year</th>
<th>Population in 000s</th>
<th>Resident Members</th>
<th>Resident Members per Million of People</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>17,000</td>
<td>823</td>
<td>48</td>
</tr>
<tr>
<td>1991</td>
<td>17,200</td>
<td>894</td>
<td>52</td>
</tr>
<tr>
<td>1992</td>
<td>17,400</td>
<td>895</td>
<td>51</td>
</tr>
<tr>
<td>1993</td>
<td>17,600</td>
<td>970</td>
<td>55</td>
</tr>
<tr>
<td>1994</td>
<td>17,900</td>
<td>1038</td>
<td>58</td>
</tr>
<tr>
<td>1995</td>
<td>18,000</td>
<td>1054</td>
<td>59</td>
</tr>
</tbody>
</table>


Table 4.5 depicts the age analysis of ICASL members. It shows that only 7 percent of members in 1995 were below 30 years of age, with 59 percent exceeding 40 years. What is obvious from this age distribution is the low percentage of young persons entering the accounting profession in Sri Lanka. In this regard, it is important to note that this percentage in many other countries such as Singapore, Malaysia, Australia, New Zealand, Canada and the United States is much higher because young accounting graduates in those
countries are more effectively attracted to the accounting profession through the offering of provisional memberships.

Table 4.5
Age analysis of ICASL membership

<table>
<thead>
<tr>
<th>Age (years)</th>
<th>1994</th>
<th>1995</th>
<th>1996</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percent</td>
<td>Number</td>
</tr>
<tr>
<td>Under 30</td>
<td>132</td>
<td>8.1</td>
<td>94</td>
</tr>
<tr>
<td>30-39</td>
<td>565</td>
<td>34.7</td>
<td>563</td>
</tr>
<tr>
<td>40-49</td>
<td>574</td>
<td>35.2</td>
<td>578</td>
</tr>
<tr>
<td>50-64</td>
<td>290</td>
<td>17.8</td>
<td>307</td>
</tr>
<tr>
<td>65 and over</td>
<td>67</td>
<td>4.2</td>
<td>113</td>
</tr>
<tr>
<td>Total</td>
<td>1628</td>
<td>100.0</td>
<td>1655</td>
</tr>
</tbody>
</table>


Table 4.6 shows the gender composition of ICASL members from 1994 to 1996. Accordingly, the number of female accountants, on average, during this period has been as low as 18 percent. This situation seems to be consistent with that of many other developing countries where some professional fields such as engineering and accounting have not been considered in society in the past as suitable employment avenues for women (Karim and Ibrahim, 1992). However, this situation has been changing considerably over the past few decades and it seems that more and more women are entering accounting and other professional fields which were dominated by males in the past. The increase of female members of ICASL from 287 to 338 during 1994-96 is an indication of this trend. Interestingly, this trend is more clearly and strongly seen today in many developed countries where women seem to be taking a dominating position in the accounting profession (Kirkham, 1997; Hammond, 1997).
Table 4.6
ICASL - Membership by sex

<table>
<thead>
<tr>
<th>Type of Members</th>
<th>1994</th>
<th></th>
<th>1995</th>
<th></th>
<th>1996</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percent</td>
<td>Number</td>
<td>Percent</td>
<td>Number</td>
<td>Percent</td>
</tr>
<tr>
<td>Male</td>
<td>1341</td>
<td>82</td>
<td>1357</td>
<td>82</td>
<td>1421</td>
<td>81</td>
</tr>
<tr>
<td>Female</td>
<td>287</td>
<td>18</td>
<td>298</td>
<td>18</td>
<td>338</td>
<td>19</td>
</tr>
<tr>
<td>Total Membership</td>
<td>1628</td>
<td>100</td>
<td>1655</td>
<td>100</td>
<td>1759</td>
<td>100</td>
</tr>
</tbody>
</table>


Table 4.7 shows the gender and status of practising members of ICASL from 1994 to 1996. When compared with males the percentage of females operating as accountants in public practice has been as low as 8 percent during this period. This is consistent with the situation revealed in Table 4.6 in respect of total ICASL membership. Although the number of FCAs was much smaller than that of ACAs in the total ICASL membership they seemed to be quite similar in number when classified as practising members. This is due to the fact that FCAs are better equipped to be in public practice because of their longer experience and greater recognition in the profession.
Table 4.7
ICASL - Certificate to practise

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Members</td>
<td>%</td>
<td>Members</td>
<td>%</td>
<td>Members</td>
<td>%</td>
</tr>
<tr>
<td>Practising Members</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>308</td>
<td>93</td>
<td>314</td>
<td>91</td>
<td>329</td>
<td>92</td>
</tr>
<tr>
<td>Female</td>
<td>24</td>
<td>7</td>
<td>32</td>
<td>9</td>
<td>30</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>332</td>
<td>100.0</td>
<td>346</td>
<td>100.0</td>
<td>359</td>
<td>100.0</td>
</tr>
<tr>
<td>Practising Members</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Associates</td>
<td>164</td>
<td>49</td>
<td>175</td>
<td>51</td>
<td>185</td>
<td>52</td>
</tr>
<tr>
<td>Fellows</td>
<td>168</td>
<td>51</td>
<td>171</td>
<td>49</td>
<td>174</td>
<td>48</td>
</tr>
<tr>
<td></td>
<td>332</td>
<td>100.0</td>
<td>346</td>
<td>100.0</td>
<td>359</td>
<td>100.0</td>
</tr>
</tbody>
</table>


4.1.2 Migration of accounting professionals

As mentioned earlier, a substantial number of ICASL members have either migrated or left the country for employment opportunities abroad. There seem to be many reasons for this situation. One principal reason points to the better remuneration packages offered by overseas employers. Most of the accountants who have left the country for this reason appear to have taken up employment contracts in Zambia, Botswana, United Arab Emirates, Saudi Arabia and Papua New Guinea. On the other hand, owing to the prevailing turbulent ethnic crisis and the resultant environment in the country, many professionals including accountants have migrated to countries such as Australia, UK, Canada, U.S.A. and New Zealand. It is apparent from the figures in Table 4.8 that about 600 ICASL qualified accountants have left the country either for good or employment. Accordingly, the actual number of locally qualified professional accountants working in Sri Lanka was less than 1,000 by the end of 1996.
Table 4.8: Number of ICASL - Members - left the country

<table>
<thead>
<tr>
<th>Country</th>
<th>1994</th>
<th>%</th>
<th>1995</th>
<th>%</th>
<th>1996</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>127</td>
<td>22</td>
<td>137</td>
<td>23</td>
<td>142</td>
<td>24</td>
</tr>
<tr>
<td>Canada</td>
<td>76</td>
<td>13</td>
<td>78</td>
<td>13</td>
<td>78</td>
<td>13</td>
</tr>
<tr>
<td>Zambia</td>
<td>51</td>
<td>8.6</td>
<td>43</td>
<td>7</td>
<td>41</td>
<td>7</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>44</td>
<td>7.4</td>
<td>45</td>
<td>7</td>
<td>45</td>
<td>7.5</td>
</tr>
<tr>
<td>U.S.A.</td>
<td>45</td>
<td>7.4</td>
<td>44</td>
<td>7</td>
<td>41</td>
<td>7</td>
</tr>
<tr>
<td>New Zealand</td>
<td>36</td>
<td>6.0</td>
<td>39</td>
<td>6</td>
<td>36</td>
<td>6</td>
</tr>
<tr>
<td>Botswana</td>
<td>31</td>
<td>5</td>
<td>29</td>
<td>5</td>
<td>28</td>
<td>4</td>
</tr>
<tr>
<td>Papua New Guinea</td>
<td>31</td>
<td>5</td>
<td>29</td>
<td>5</td>
<td>28</td>
<td>4</td>
</tr>
<tr>
<td>U.A.E.</td>
<td>29</td>
<td>4</td>
<td>26</td>
<td>4</td>
<td>22</td>
<td>3.6</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>14</td>
<td>2</td>
<td>17</td>
<td>3</td>
<td>18</td>
<td>3</td>
</tr>
<tr>
<td>Bahrain</td>
<td>13</td>
<td>2</td>
<td>15</td>
<td>2</td>
<td>14</td>
<td>2</td>
</tr>
<tr>
<td>Kuwait</td>
<td>9</td>
<td>-</td>
<td>15</td>
<td>2</td>
<td>12</td>
<td>-</td>
</tr>
<tr>
<td>FijI</td>
<td>7</td>
<td>-</td>
<td>8</td>
<td>1</td>
<td>9</td>
<td>-</td>
</tr>
<tr>
<td>Jamaica</td>
<td>12</td>
<td>-</td>
<td>9</td>
<td>1</td>
<td>6</td>
<td>-</td>
</tr>
<tr>
<td>Hongkong</td>
<td>5</td>
<td>-</td>
<td>6</td>
<td>1</td>
<td>7</td>
<td>-</td>
</tr>
<tr>
<td>India</td>
<td>5</td>
<td>-</td>
<td>4</td>
<td>1</td>
<td>4</td>
<td>-</td>
</tr>
<tr>
<td>Maldives</td>
<td>6</td>
<td>-</td>
<td>5</td>
<td>1</td>
<td>6</td>
<td>-</td>
</tr>
<tr>
<td>Singapore</td>
<td>6</td>
<td>-</td>
<td>6</td>
<td>1</td>
<td>8</td>
<td>-</td>
</tr>
<tr>
<td>Bermuda</td>
<td>5</td>
<td>-</td>
<td>5</td>
<td>0.8</td>
<td>5</td>
<td>-</td>
</tr>
<tr>
<td>Other countries</td>
<td>38</td>
<td>6.4</td>
<td>67</td>
<td>10.8</td>
<td>47</td>
<td>7.8</td>
</tr>
<tr>
<td>Total</td>
<td>590</td>
<td>100.0</td>
<td>601</td>
<td>100.0</td>
<td>597</td>
<td>100.0</td>
</tr>
</tbody>
</table>


4.1.3 Registered students at ICASL

Although the ICASL was not very popular in the early 1960s, student enrolments have increased dramatically during the one and a half decades from 1974 to 1988. As shown in Table 4.9, student enrolments of the ICASL increased from around 750 in 1974 to more than 10,000 in 1988. Many reasons were attributable to this rapid growth of student numbers. One possible reason was the change of the training scheme from 'articles' to 'practical training' along with the reduction of the duration of practical training period from 5 to 3 years for university graduates and 4 years for non-graduates. This change was introduced in 1972 as a response to the recommendations of the FTA Committee of 1973. Consequently, the quota of five articled clerks allowed for each practising chartered
accountant was eliminated and the premium payable for articleship was reduced. Therefore, practising accountants were in a better position to hire more accounts trainees for auditing and accounting work in their firms. Moreover, with the expansion of commerce education in the early 1970s, a substantial number of certificate and diploma holders in commerce and accounting were produced by high schools and technical colleges in the country. Many of them enrolled as ICASL students with the intention of proceeding towards a professional career in accounting.

Table 4.9

Student enrolment statistics of ICASL: 1974-1988

<table>
<thead>
<tr>
<th>Year</th>
<th>Student enrolment</th>
<th>Year</th>
<th>Student Enrolment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1974</td>
<td>752</td>
<td>1980</td>
<td>11514</td>
</tr>
<tr>
<td>1975</td>
<td>976</td>
<td>1981</td>
<td>11621</td>
</tr>
<tr>
<td>1976</td>
<td>5605</td>
<td>1982</td>
<td>11539</td>
</tr>
<tr>
<td>1977</td>
<td>5713</td>
<td>1983</td>
<td>11735</td>
</tr>
<tr>
<td>1978</td>
<td>7068</td>
<td>1984</td>
<td>10406</td>
</tr>
<tr>
<td>1979</td>
<td>6067</td>
<td>1985</td>
<td>9362</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1986</td>
<td>862</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1987</td>
<td>9389</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1988</td>
<td>10348</td>
</tr>
</tbody>
</table>

Source: Economics of Higher Education in Sri Lanka, 1988, University Grants Commission, Colombo, Sri Lanka, 1988 - Table 3.5 p.25

More detailed information on registered students of ICASL from 1989 to 1996 is given in Table 4.10. Accordingly, in 1989 the total enrolment figure was 9,726 students which increased to 15,599 in 1996, indicating an increase of about 66 percent in seven years.
Table 4.10

Registered students at ICASL: 1989-1996

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning of year</td>
<td>10,348</td>
<td>9,726</td>
<td>10,907</td>
<td>11,708</td>
<td>12,605</td>
<td>13,657</td>
<td>14,450</td>
<td>14,553</td>
</tr>
<tr>
<td>Registrations</td>
<td>1,922</td>
<td>3,057</td>
<td>2,750</td>
<td>3,350</td>
<td>3,971</td>
<td>3,450</td>
<td>3,450</td>
<td>3,989</td>
</tr>
<tr>
<td>Less: Cessation</td>
<td>12,270</td>
<td>12,783</td>
<td>13,657</td>
<td>15,058</td>
<td>16,576</td>
<td>17,107</td>
<td>17,900</td>
<td>18,542</td>
</tr>
<tr>
<td>Number at year-end</td>
<td>2,544</td>
<td>1,876</td>
<td>1,949</td>
<td>2,453</td>
<td>2,919</td>
<td>2,657</td>
<td>3,347</td>
<td>2,943</td>
</tr>
<tr>
<td>Net increase</td>
<td>(622)</td>
<td>1,181</td>
<td>801</td>
<td>897</td>
<td>1,052</td>
<td>793</td>
<td>103</td>
<td>1046</td>
</tr>
</tbody>
</table>


Despite the increasing enrolment figures, a comparative intuition of the registration and cessation figures indicates that a considerable number of students have annually given up their studies at ICASL. Many factors seem to have contributed to this situation. Particularly during 1987-89, many students who were eligible to enter universities could not do so because of the closure of universities due to the internal disturbances prevailed in the country. Alternatively, many such students enrolled at the ICASL. However, when the universities were reopened double batches of eligible students were admitted to clear the backlog without further delay. Consequently, many registered students who had enrolled at the ICASL abandoned their studentship. Furthermore, it is said that many students seek registration at the ICASL because of the ponderous pressure from their parents. This sort of pressure comes from parents particularly when their children have failed to get high marks needed for enrolling in a university course of study.

Table 4.11, shows the gender distribution of ICASL students during 1994-1996. It indicates that since recently female students have shown a greater interest in pursuing a career in accounting. Therefore, throughout 1994 to 1996 a good number of females have registered with ICASL. An intuitive comparison between present female membership
figures with female student enrolment at the ICASL, clearly indicates that over the past few years, female participation in accounting in the country is growing rapidly.

Table 4.11
Gender distribution of ICASL registered students

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of Students</td>
<td>Percentage of Total student Population</td>
<td>No. of Students</td>
</tr>
<tr>
<td>Men</td>
<td>8,381</td>
<td>58</td>
<td>8,787</td>
</tr>
<tr>
<td>Women</td>
<td>6,069</td>
<td>42</td>
<td>5,766</td>
</tr>
<tr>
<td>Total</td>
<td>14,450</td>
<td>100</td>
<td>14,553</td>
</tr>
</tbody>
</table>


4.1.4 Educational requirements for professional membership

As depicted in Figure 4.1, several alternative avenues are available for students to complete the ICASL examinations and practical training leading to the professional membership. Primarily, persons who have passed the Sri Lankan or London GCE advanced level examination in three subjects at one sitting (with mathematics or accountancy as one of the 3 subjects) and 2 credit passes in the same or another attempt are eligible for registration as candidates for the Licentiate Part I examination. If mathematics or accountancy is not one of the three advanced level subjects mentioned above, a credit in mathematics or commerce & accounts at GCE ordinary level, or 'A' or 'B' pass at National Certificate of General Education (NCGE) examination is required.

---

1 National Certificate of General Education (NCGE) which is equivalent to GCE O/L examination, was conducted in Sri Lanka during 1972-77 by the Examination Department of Sri Lanka.
Alternatively, graduates holding a university degree approved by the council of the ICASL is eligible for registration. However, business or accounting graduates are not being given any exemptions at the registration. This situation is quite different in other developing and developed countries. In those countries accounting or business graduates are given special recognition by the professional accounting bodies and university provides the necessary qualifications to secure a membership in the accounting professional body. In this process, university accounting courses are assessed and accredited by the accounting professional body on a regular basis. Therefore, graduate entrance to the profession has been highly
encouraged. It is interesting to note that, as would be explained in Chapter 6, professional accounting bodies even in the former British colonies such as Singapore, New Zealand and Malaysia have cooperated with universities to produce professionally qualified accountants through accreditation and cross-credit arrangements.

It is important to note that the British professional bodies have changed their membership requirements in many years ago to attract more graduates into the profession. For example, in the ICAEW over 90 per cent of students entering its training scheme to qualify as chartered accountants are graduates from recognised UK or Irish universities with a proven academic track record. Non-graduates can enter this training scheme with a minimum of two GCE advanced level passes plus three GCSEs or equivalent. In addition to this, several other British qualifications have been recognised for the four-year training contracts\textsuperscript{2}. Moreover, members of ACCA, CIMA, or CIPFA are also eligible to enter the two-year training contracts. The present training scheme required to be followed by a person for becoming a chartered accountant in the UK is given in Figure 4.2. Accordingly, relevant degree holders (i.e., commerce, accounting, business management graduates) may successfully complete two professional examinations and a three-year training program in order to become a chartered accountant. Graduates who do not hold relevant degrees (i.e., non-accounting degrees) need to successfully complete the foundation examination and two professional examinations with three years of practical training. Non-graduates have to successfully complete the foundation and two professional examinations with four years of training in order to be qualified as a chartered accountant.

\textsuperscript{2}those who have AAT, UK technician competence qualification, at least two GCE A level or an advanced GNVQ plus at least three GCSEs, ACCA level 2, CIMA Stage 2, ICA professional or ICAI foundation II, CIPFA PI, BTEC HNC or HND, those who have completed accountancy foundation course also can enter training and have to undertake four year training contract.
Figure 4.2

Training to become a Chartered Accountant - ICAEW

Figure 4-2 indicates the alternative avenues open for a person to become a chartered accountant in the UK and the recognition given to graduates for attracting them into the profession. It is important to note that the graduate intake into training contracts has increased from 8 percent in 1963 to 78 percent in 1980 (Freear, 1982).
In Sri Lanka, however, the recognition given to accounting/business graduates by the accounting profession has been much lower. In this regard, the National Education Commission made the following recommendation in 1961:

The present rules and regulation of Ceylon Institute of Chartered Accountants are so rigorous that it is unlikely to train accountants numerically adequate to meet the existing demand for them in this country. It is, therefore, suggested that there should be a joint scheme between the universities and the Institute. Graduates of universities who have obtained a degree which has been approved by the Institute, for example, the Bachelor of Commerce degree of the University of Ceylon should be exempted from the Intermediate examination of the Institute. ... this scheme will undoubtedly increase the supply of professional accountants (Interim Report 1961: 45).

In response to such recommendations coupled with many other pressures, the ICASL decided in 1970 to allow graduates with a full-time degree in accounting to claim exemption from its Intermediate examination. However, with the introduction of the revised curriculum in 1976, this exemption scheme was phased out. The Committee on the Future Training of Accountants (1973) also recommended that the ICASL establish more co-operation and rapport with universities and technical colleges in the country. The committee’s recommendations included the following:

An attempt should be made to evaluate accounting syllabuses adopted by universities and technical colleges on the line proposed for the professional examinations so that graduates and diploma holders of the universities and technical colleges could become eligible to it or be exempt from certain papers at Institute examinations (Accountant, Sri Lanka 1973:7).

Nevertheless, it is seen that under the present system of exemption scheme of ICASL, university accounting/business/commerce degrees have been entirely neglected. If these graduates wish to become professional professionally qualified accountants, they have no option other than taking all the institute examinations as a 'start again' group. Surprisingly,
however, those who have passed the second year examination of the Higher National Diploma in Accountancy or Higher National Diploma in Commerce (previously this diploma was named as Diploma in Commerce) in Sri Lanka Technical College are eligible to register at the ICASL and those who have completed the Higher National Diploma in Accountancy are eligible for exemption from the Licentiate examination.

As shown in Figure 4.1, those who have completed the final examination of the Association of Accounting Technicians of Sri Lanka (AAT Sri Lanka) are eligible to register for the Licentiate examination and members of the AATSL are exempt from financial accounting, business mathematics statistics & data processing and business environment papers at this examination.

Figure 4.3 shows the avenues open to the members of other professional bodies for proceeding to the ICASL membership. Accordingly, members of the Sri Lanka Government Accountants' Service, and the Sri Lanka Government Audit Service as well as those who have completed the final examination of the Institute of Bankers and professional lawyers are eligible for registration at the Licentiate examination of ICASL.
Similar avenues are available in the UK for other professionals to enter the accounting profession. For example, professional bodies such as Association of the Institute of Actuaries (AIA), Chartered Institute of Bankers (ACIB), Chartered Insurance Institute (ACII), Institute of Physics (AIP), Institute of Chartered Secretaries & Administrators (ACIS), Royal Institution of Chartered Surveyors (ARIC), and Institute of Taxation (ATII) are eligible for this purpose. Those who hold a membership of any of these professional bodies are eligible to enter the three-year training contracts. In Sri Lanka, holders of other professional qualifications, however, are not eligible for exemptions at the Licentiate examination, which is considered equivalent to the Foundation examination of the ICAEW.
Figure 4.4 illustrates the procedure to be followed by persons holding British professional qualifications for becoming a member of the ICASL. Accordingly, British accounting qualifications are recognised for registration at the licentiate level of ICASL. These qualifications are: Part I and II or Foundation Stages A & B or Stage I of the Chartered Institute of Management Accountants (CIMA, UK); Part I and II or Foundation Stages A & B or level I of the Chartered Association of Certified Accountants (ACCA, UK); Final examination of the Institute of Chartered Secretaries & Administrators (ICSA, UK); Final examination of the Institute of Financial Accountants (IFA, UK); Final examination of the Association of International Accountants (AIA, UK); Final examination of the Association of Accounting Technicians UK (AAT, UK); and the final examination of the Institute of Bankers in the UK.

Figure 4-5 indicates the exemptions given to candidates at various stages of ICASL. It is clear that the exemptions are given only at the Licentiate level of the ICASL examinations. Accordingly, persons who have passed the final examination of the Chartered Association of Certified Accountants (ACCA, UK) are exempted from the whole Licentiate Examination. Similarly, those who have passed the final examination of the Chartered Institute of Management Accountants (C.I.M.A. UK) are exempted from the Licentiate examination, except for the Auditing paper in Licentiate part II. Those who have passed the final examination of AAT in Sri Lanka and the UK and the members of AATSL are exempted from the following subjects: Financial Accounting, Business Mathematics Statistics & Data Processing, and Business Environment (Economics, Taxation, Law & Management). Thus they are expected to pass in Auditing, Cost & Management Accounting, and Business Communication (English) Paper I in order to complete the Licentiate Examination.
Figure 4.4
ICASL membership avenues for British professional qualifications

CIMA(UK) Stage I
CACA(UK) Level I
ICSA(UK) Final
IFA (UK) Final
AIA (UK) Final
AAT (UK) Final
Institute of Bankers (UK) Final

Licentiate Examination
Part 1 2

Professional Examination
Part 1 2 3

EXPERIENCE

ME M B E R S H I P

Source: ICASL- Student Guide 1997(a)
**Figure 4.5**

**Exemptions scheme of ICASL**

- **Technical College -HND (Accounting)**
  - Those who have completed HND are exempt from Licentiate 1 and 2 *

- **CACA (U.K) Final**

- **CIMA (UK) (Final exam except for the auditing paper in Licentiate Part 2)**

- **ICSA (Inst of Chartered Secretaries & Administrators UK)**
  - Exempt from the Licentiate Part I Examination

---

**Source:** ICASL- Student Guide 1997(a)

* Holders of the National Diploma in Accountancy who register on or after 1st July 1995 are required to pass the Business Communication paper but are eligible to apply for exemption from all other papers at the Licentiate Parts I & II examinations.

Members of the Institute of Bankers in Sri Lanka are eligible for exemption from Financial Accounting, Business Communication, Business Environment papers at the Licentiate Examination. However, they are required to pass Business Mathematics, Statistics and Data Processing at Licentiate I and Auditing paper at Licentiate II in order to complete the Licentiate Examination. Members of the Institute of Chartered Secretaries and Administrators in the UK are eligible for exemption from the Licentiate Part I examination. Further, those who are qualified under the Financial Administration stream or the Pension Administration and Management stream are exempted from the Cost and Management Accounting paper at the Licentiate Part II examination in addition to the
exemption from the Licentiate Part I examination. But, they are required to pass the Auditing and Business Environment papers at the Licentiate Part II Examination to complete the Licentiate Examination. Holders of the Higher National Diploma in Accountancy (English medium), which is conducted by the Technical College, Sri Lanka, are eligible for exemption from the Licentiate Examination. However, those who have obtained the this qualification in Sinhala or Tamil medium after 1 July 1995 are required to pass the Business Communication paper I to complete the Licentiate Examination. However, all candidates seeking the professional membership at the ICASL, ought to complete all the professional parts irrespective of their professional affiliation or qualifications from other institutions.

The recognition of university degrees in the UK by the ICAEW is prominent for more than three decades. For example, since 1965 the ICAEW recognised university degrees and granted exemptions for the Institute's Foundation examination (previously the Intermediate examination). These exemptions were given only for graduates in accounting/commerce/business, which are directly relevant to the profession. Graduates in non-accounting areas were given a few options to choose from in order to become chartered accountants. One option was that they could either sit for the Foundation examination or pursue a graduate conversion course to acquire relevant degree status and consequent exemptions from the Foundation examination. The second option was to successfully complete a Foundation course at a polytechnic (along with non-graduates and overseas graduates) to satisfy the requirement for exemptions (Freear, 1982).

According to the present conditions laid down by the ICAEW, those who have completed an accountancy foundation course are exempted from the Foundation
examination but need to take a 'Test of Accounting Competence' (TAC) before proceeding to the Intermediate examination. A BTEC, HNC or HND in business and finance may, depending on the syllabus content, get an exemption from the Foundation Education paper in law, economics and management & marketing. The members of ACCA, CIMA, or CIPFA are fully exempted from foundation examinations. However, a graduate with a relevant degree has to satisfy the requirements of a TAC to be eligible to enter the Intermediate examination. Non-graduates who have completed an approved accountancy foundation course (AAT, ACCA, CIPFA, ICA) also can claim exemption in full or part based on their level of professional study. A large number of students are exempted at least from one part of the conversion course. For example, graduate with a degree in economics is exempted from the economics paper. Similarly, a graduate with a degree in business or management studies is exempted from economics, management and marketing papers. In addition to this arrangement, some international firms in the UK provide training opportunities for high achievers who have been educated outside the UK. For example, those who have shown outstanding performance in Sri Lankan bachelor's degrees are eligible to get training opportunities in those international firms. Those who have passed all the examinations required for membership of the ICASL are eligible to apply for a training contract on the same basis as an overseas graduate. Similar opportunities are available for other overseas accounting bodies as well. However, graduates of Sri Lanka have not been considered for this kind of training by the ICASL even though they are recognised equally with ICASL members by the ICAEW in the UK. Moreover, the ICAEW has made a provision for reciprocal membership for Australian, Canadian, and South African chartered accountants and members of the New Zealand Society of Accountants, but not for members of the ICASL or any other members of overseas
accountancy bodies (ICAEW, Training to become a chartered accountant, 1996). It is interesting to note that, although Sri Lanka has been following the British model for professional accounting from 1960, the ICAEW does not accept members of the ICASL for reciprocal membership.

4.1.5 Examination results

According to the examination results of the ICASL, it appears that there is a high failure rate in Licentiate and Professional level examinations. As shown in Table 4.12, the general rate of failure across all the examinations seems excessively high. The average rate of failure is over 75 per cent. Thus, of the large number of students who enrol for these examinations each year, only a very few eventually qualify as professional accountants. This could be due to various reasons such as the low academic level of students and poor quality of education available to them. It is noteworthy in this regard that since students who show high performance at the GCE Advance Level examination enter the universities low academic achievers who may be referred to as ‘second grade’ students basically enrol as students of the ICASL. Moreover, the ICASL is not a full-time educational institution. Therefore, the amount of time devoted to lectures, tutorials and assignments and the subject matter covered through its different modes of instruction are not as extensive as those of a full-time educational institution. Candidates and their results at various examinations of the ICASL are shown in Table 4.12.
Table 4.12
Candidates and their results at various examinations of the ICASL: 1993-1996

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cand</td>
<td>P</td>
<td>%</td>
<td>F</td>
</tr>
<tr>
<td></td>
<td>dates</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LI</td>
<td>4617</td>
<td>795</td>
<td>17</td>
<td>83</td>
</tr>
<tr>
<td></td>
<td>5074</td>
<td>1045</td>
<td>21</td>
<td>79</td>
</tr>
<tr>
<td></td>
<td>4536</td>
<td>1225</td>
<td>27</td>
<td>73</td>
</tr>
<tr>
<td></td>
<td>4689</td>
<td>1371</td>
<td>29</td>
<td>71</td>
</tr>
<tr>
<td>LII</td>
<td>1512</td>
<td>610</td>
<td>40</td>
<td>60</td>
</tr>
<tr>
<td></td>
<td>2008</td>
<td>749</td>
<td>37</td>
<td>63</td>
</tr>
<tr>
<td></td>
<td>2306</td>
<td>714</td>
<td>31</td>
<td>69</td>
</tr>
<tr>
<td></td>
<td>3613</td>
<td>1065</td>
<td>29</td>
<td>71</td>
</tr>
<tr>
<td>PI</td>
<td>1102</td>
<td>247</td>
<td>22</td>
<td>78</td>
</tr>
<tr>
<td></td>
<td>1260</td>
<td>290</td>
<td>23</td>
<td>77</td>
</tr>
<tr>
<td></td>
<td>1411</td>
<td>337</td>
<td>24</td>
<td>76</td>
</tr>
<tr>
<td></td>
<td>1547</td>
<td>456</td>
<td>29</td>
<td>71</td>
</tr>
<tr>
<td>PII</td>
<td>426</td>
<td>162</td>
<td>38</td>
<td>62</td>
</tr>
<tr>
<td></td>
<td>498</td>
<td>111</td>
<td>22</td>
<td>78</td>
</tr>
<tr>
<td></td>
<td>665</td>
<td>252</td>
<td>38</td>
<td>62</td>
</tr>
<tr>
<td></td>
<td>728</td>
<td>170</td>
<td>23</td>
<td>77</td>
</tr>
<tr>
<td>PIII</td>
<td>213</td>
<td>68</td>
<td>32</td>
<td>68</td>
</tr>
<tr>
<td></td>
<td>275</td>
<td>63</td>
<td>23</td>
<td>77</td>
</tr>
<tr>
<td></td>
<td>314</td>
<td>75</td>
<td>24</td>
<td>76</td>
</tr>
<tr>
<td></td>
<td>439</td>
<td>78</td>
<td>18</td>
<td>82</td>
</tr>
</tbody>
</table>


Note: P= Pass, F= Fail

In addition, inadequate teaching and library facilities particularly outside Colombo, lack of proper supervision of students by ICASL, improper guidance relating to examinations by private tutories, inability to comprehend the subject matter of accounting, lack of proper practical knowledge, irrelevance of what students learn to local conditions, self-study arrangements, limited tuition by the ICASL (due to limited of resources) and excessive reliance upon private tutories to conduct classes for ICASL students are seen to be some of the other reasons for the high failure rates at ICASL examinations.

Another major problem faced by students preparing for the ICASL examinations is the very short supply of text books and other relevant teaching material. Consequently, most students depend primarily on lecture notes. The lack of locally developed accounting case studies and textbooks is another major constraint. Therefore, both accounting teachers and students depend very heavily on foreign textbooks and other material. Further, the involvement of teachers and students of ICASL in activities such as seminars, conferences, research and publications is extremely limited.

Interestingly, a comparison of the failure rates of ICASL and ICAEW, as shown in Tables 4.13 and 4.14, provides a contrasting picture. According to Table 4.13, the UK
Chapter Four: Professional Accounting Education System in Sri Lanka

graduates have achieved a higher rate of examination success than those in the non-graduate and overseas categories. On average, the pass rate of UK graduates has been 68.8 percent for part I and 69.5 percent for Part II between 1965 and 1975, and 65.1 percent for PE I and 46.8 percent for PE II from 1975 to 1980 (Freear, 1982). A similar situation is evident from Table 4.14 in respect of UK graduates when they are compared with the non-graduate and overseas categories. On average, the pass rate of UK graduates has been 62.8 percent for part I and 50.5 percent for Part II between 1980 and 1996 (ICAEW, 1997). It is evident from these higher rates of success at the ICAEW examinations that a substantial number of accounting students complete their examinations annually and join the accounting profession in the UK. By contrast, the annual admission of ICASL students to the accounting profession in Sri Lanka is extremely low.
Table 4.13
ICA EW examination results: 1965-1980

<table>
<thead>
<tr>
<th>Year</th>
<th>Number Sitting</th>
<th>Pass Rate (Percent)</th>
<th>Percentage of Total Number Sitting</th>
<th>Pass Rate (Percent)</th>
<th>Percentage of Total Number Sitting</th>
<th>Pass Rate (Percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1965</td>
<td>PI 2416</td>
<td>49.4</td>
<td>13.7 N.A</td>
<td>65.0</td>
<td>86.3 N.A</td>
<td>46.9</td>
</tr>
<tr>
<td></td>
<td>P II 41</td>
<td>61.0</td>
<td>N.A</td>
<td>N.A</td>
<td>N.A</td>
<td>N.A</td>
</tr>
<tr>
<td>1966</td>
<td>PI 5041</td>
<td>53.3</td>
<td>8.6 18.9</td>
<td>68.1</td>
<td>91.4 81.1</td>
<td>52.0 51.5</td>
</tr>
<tr>
<td></td>
<td>P II 1152</td>
<td>55.9</td>
<td>10.4 74.8</td>
<td>71.3</td>
<td>89.6 47.9</td>
<td>48.0 47.9</td>
</tr>
<tr>
<td>1967</td>
<td>PI 6336</td>
<td>49.4</td>
<td>6.2 10.4</td>
<td>69.8</td>
<td>93.8 48.0</td>
<td>47.9</td>
</tr>
<tr>
<td></td>
<td>P II 3483</td>
<td>50.6</td>
<td>7.6 7.8</td>
<td>69.7</td>
<td>92.4 49.2</td>
<td>49.2</td>
</tr>
<tr>
<td>1968</td>
<td>PI 6006</td>
<td>50.0</td>
<td>7.6 8.8</td>
<td>70.3</td>
<td>90.4 46.4</td>
<td>46.1</td>
</tr>
<tr>
<td></td>
<td>P II 4934</td>
<td>50.8</td>
<td>9.6 71.5</td>
<td>70.3</td>
<td>91.2 44.8</td>
<td>43.8</td>
</tr>
<tr>
<td>1969</td>
<td>PI 6240</td>
<td>48.7</td>
<td>12.7 9.9</td>
<td>66.8</td>
<td>87.3 46.6</td>
<td>46.1</td>
</tr>
<tr>
<td></td>
<td>P II 5324</td>
<td>48.3</td>
<td>15.8 11.2</td>
<td>69.5</td>
<td>84.2 43.8</td>
<td>39.7</td>
</tr>
<tr>
<td>1970</td>
<td>PI 6407</td>
<td>47.6</td>
<td>18.0 13.1</td>
<td>69.9</td>
<td>82.0 39.4</td>
<td>36.9</td>
</tr>
<tr>
<td></td>
<td>P II 5693</td>
<td>46.2</td>
<td>22.1 7.9</td>
<td>72.5</td>
<td>86.9 36.6</td>
<td>37.0</td>
</tr>
<tr>
<td>1971</td>
<td>PI 6628</td>
<td>48.5</td>
<td>15.8 11.2</td>
<td>69.5</td>
<td>84.2 43.8</td>
<td>39.7</td>
</tr>
<tr>
<td></td>
<td>P II 6123</td>
<td>43.5</td>
<td>20.0 13.6</td>
<td>65.2</td>
<td>80.0 42.6</td>
<td>41.3</td>
</tr>
<tr>
<td>1972</td>
<td>PI 7139</td>
<td>44.9</td>
<td>18.0 13.1</td>
<td>69.9</td>
<td>82.0 39.4</td>
<td>36.9</td>
</tr>
<tr>
<td></td>
<td>P II 6644</td>
<td>41.7</td>
<td>22.1 7.9</td>
<td>72.5</td>
<td>86.9 36.6</td>
<td>37.0</td>
</tr>
<tr>
<td>1973</td>
<td>PI 7259</td>
<td>47.7</td>
<td>22.1 17.3</td>
<td>72.5</td>
<td>87.9 40.7</td>
<td>37.0</td>
</tr>
<tr>
<td></td>
<td>P II 7089</td>
<td>42.9</td>
<td>17.3 71.5</td>
<td>71.5</td>
<td>82.7 37.0</td>
<td>30.0</td>
</tr>
<tr>
<td>1974</td>
<td>PI 8738</td>
<td>47.1</td>
<td>20.0 13.6</td>
<td>65.2</td>
<td>84.1 42.6</td>
<td>41.3</td>
</tr>
<tr>
<td></td>
<td>P II 8129</td>
<td>45.0</td>
<td>30.0 13.6</td>
<td>68.3</td>
<td>86.4 41.3</td>
<td>39.7</td>
</tr>
<tr>
<td>1975</td>
<td>PI 2252</td>
<td>49.6</td>
<td>17.9 9.8</td>
<td>66.9</td>
<td>82.1 45.9</td>
<td>29.5</td>
</tr>
<tr>
<td></td>
<td>P II 2131</td>
<td>28.9</td>
<td>9.8 22.6</td>
<td>66.9</td>
<td>89.2 29.5</td>
<td>25.0</td>
</tr>
<tr>
<td>1975</td>
<td>PE I 5954</td>
<td>44.2</td>
<td>36.6 32.0</td>
<td>58.0</td>
<td>63.4 36.3</td>
<td>27.2</td>
</tr>
<tr>
<td></td>
<td>PE II 5422</td>
<td>37.3</td>
<td>32.0 32.0</td>
<td>58.0</td>
<td>68.0 32.0</td>
<td>27.2</td>
</tr>
<tr>
<td>1976</td>
<td>PE I 8738</td>
<td>43.8</td>
<td>33.8 27.6</td>
<td>58.0</td>
<td>66.2 36.6</td>
<td>21.4</td>
</tr>
<tr>
<td></td>
<td>PE II 8502</td>
<td>28.9</td>
<td>27.6 48.4</td>
<td>58.0</td>
<td>72.4 36.6</td>
<td>21.4</td>
</tr>
<tr>
<td>1977</td>
<td>PE I 8231</td>
<td>48.4</td>
<td>33.9 35.9</td>
<td>62.7</td>
<td>66.1 41.1</td>
<td>20.4</td>
</tr>
<tr>
<td></td>
<td>PE II 8043</td>
<td>29.1</td>
<td>35.9 44.6</td>
<td>44.6</td>
<td>64.1 20.4</td>
<td>18.8</td>
</tr>
<tr>
<td>1978</td>
<td>PE I 6369</td>
<td>58.1</td>
<td>43.4 42.6</td>
<td>75.3</td>
<td>56.6 44.9</td>
<td>18.8</td>
</tr>
<tr>
<td></td>
<td>PE II 8369</td>
<td>29.6</td>
<td>42.6 42.6</td>
<td>44.2</td>
<td>57.4 44.9</td>
<td>18.8</td>
</tr>
<tr>
<td>1979</td>
<td>PE I 6358</td>
<td>52.1</td>
<td>47.1 45.1</td>
<td>65.7</td>
<td>52.9 40.0</td>
<td>22.1</td>
</tr>
<tr>
<td></td>
<td>PE II 9663</td>
<td>31.6</td>
<td>41.1 58.9</td>
<td>45.1</td>
<td>59.9 40.0</td>
<td>22.1</td>
</tr>
<tr>
<td>1980</td>
<td>PE I 6657</td>
<td>58.0</td>
<td>56.3 46.4</td>
<td>68.4</td>
<td>43.7 44.5</td>
<td>25.0</td>
</tr>
<tr>
<td></td>
<td>PE II 10225</td>
<td>31.5</td>
<td>39.4 60.6</td>
<td>46.4</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Freear, 1982
Table 4.14
ICAEW examination results: 1981-1996

<table>
<thead>
<tr>
<th>Year</th>
<th>UK Graduates</th>
<th>UK Non-Graduates and Overseas Graduates</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number Sitting</td>
<td>Pass Rate (Percent)</td>
</tr>
<tr>
<td>1981</td>
<td>PI 6415</td>
<td>44.6</td>
</tr>
<tr>
<td></td>
<td>PII 9851</td>
<td>32.1</td>
</tr>
<tr>
<td>1982</td>
<td>PI 6977</td>
<td>48.0</td>
</tr>
<tr>
<td></td>
<td>PII 8401</td>
<td>39.5</td>
</tr>
<tr>
<td>1983</td>
<td>PI 6363</td>
<td>53.0</td>
</tr>
<tr>
<td></td>
<td>PII 7412</td>
<td>44.0</td>
</tr>
<tr>
<td>1984</td>
<td>PI 6081</td>
<td>52.5</td>
</tr>
<tr>
<td></td>
<td>PII 7088</td>
<td>40.1</td>
</tr>
<tr>
<td>1985</td>
<td>PI 6071</td>
<td>56.1</td>
</tr>
<tr>
<td></td>
<td>PII 7408</td>
<td>57.2</td>
</tr>
<tr>
<td>1986</td>
<td>PI 7256</td>
<td>50.6</td>
</tr>
<tr>
<td></td>
<td>PII 7349</td>
<td>41.1</td>
</tr>
<tr>
<td>1987</td>
<td>PI 8272</td>
<td>49.0</td>
</tr>
<tr>
<td></td>
<td>PII 7159</td>
<td>43.4</td>
</tr>
<tr>
<td>1988</td>
<td>PI 8672</td>
<td>56.0</td>
</tr>
<tr>
<td></td>
<td>PII 7878</td>
<td>44.5</td>
</tr>
<tr>
<td>1989</td>
<td>PI 8864</td>
<td>56.5</td>
</tr>
<tr>
<td></td>
<td>PII 9362</td>
<td>46.2</td>
</tr>
<tr>
<td>1990</td>
<td>PI 9071</td>
<td>55.0</td>
</tr>
<tr>
<td></td>
<td>PII 8790</td>
<td>48.0</td>
</tr>
<tr>
<td>1991</td>
<td>PI 8762</td>
<td>50.8</td>
</tr>
<tr>
<td></td>
<td>PII 9398</td>
<td>52.1</td>
</tr>
<tr>
<td>1992</td>
<td>PE I 7975</td>
<td>50.3</td>
</tr>
<tr>
<td></td>
<td>PE II 8200</td>
<td>53.0</td>
</tr>
<tr>
<td>1993</td>
<td>PE I 6064</td>
<td>61.0</td>
</tr>
<tr>
<td></td>
<td>PE II 7668</td>
<td>55.6</td>
</tr>
<tr>
<td>1994</td>
<td>PE I 5056</td>
<td>60.4</td>
</tr>
<tr>
<td></td>
<td>PE II 5341</td>
<td>67.1</td>
</tr>
<tr>
<td>1995</td>
<td>PE I 4753</td>
<td>60.2</td>
</tr>
<tr>
<td></td>
<td>PE II 5072</td>
<td>60.6</td>
</tr>
<tr>
<td>1996</td>
<td>PE I 5284</td>
<td>63.4</td>
</tr>
<tr>
<td></td>
<td>PE II 4832</td>
<td>60.1</td>
</tr>
</tbody>
</table>

Source: ICAEW, 1997
4.1.6 Affiliation with other professional bodies
It is important to note that during the last three decades, the ICASL has been able to become a member of various accounting bodies in the region. For example, ICASL has affiliated with Confederation of Asian and Pacific Accountants (CAPA), International Federation of Accountants (IFAC), International Accounting Standards Committee (IASC), International Auditing Practices Committee (IAPC), South Asian Federation of Accountants (SAFA), Organisation of Professional Associations (OPA) for modification of international accounting and auditing standards. Moreover, the ICASL is also represented in various local bodies such as Computer and Information Technology Council (CINTEC), Company Law Advisory Committee, Securities and Exchange Commission, Post Graduate Institute of Management (PIM), National Institute of Business Management (NIBM) for cooperation. However, it is doubtful whether the ICASL is practically cooperating with local institutions particularly for transfer of cross-credit or accreditation arrangements relating to academic or training programs.

4.1.7 Curriculum revisions of ICASL
Accounting curriculum of the Institute of Chartered Accountants of Sri Lanka has been almost a replica of the accounting curriculum of the Institute of Chartered Accountants of England and Wales throughout its existence. For example, for nearly fifteen years from 1960 to 1975 almost same subjects have been repeatedly offered in ICASL examinations. Even though the ICASL revised its curriculum several times after 1976, the revised curricula have also been almost identical with the revised curricula of the ICAEW. This is clearly evident from the examination subjects of the ICASL and the ICAEW shown in Table 4.15.
Table 4.15
Subjects for the examinations of ICASL and ICAEW

<table>
<thead>
<tr>
<th></th>
<th>ICAEW</th>
<th>ICASL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Intermediate</strong></td>
<td><strong>1959</strong></td>
<td><strong>1960</strong></td>
</tr>
<tr>
<td>Examination</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bookkeeping and Accounts (incl. Companies)</td>
<td></td>
<td>Bookkeeping &amp; Accounts 1</td>
</tr>
<tr>
<td>Bookkeeping and Accounts (incl. partnerships)</td>
<td></td>
<td>Bookkeeping &amp; Accounts 2</td>
</tr>
<tr>
<td>Bookkeeping and Accounts (incl. executorship)</td>
<td></td>
<td>Auditing</td>
</tr>
<tr>
<td>Auditing</td>
<td></td>
<td>General Commercial Knowledge</td>
</tr>
<tr>
<td>General Commercial Knowledge</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxation</td>
<td></td>
<td>Final Part 1</td>
</tr>
<tr>
<td>and Cost Accounting</td>
<td></td>
<td>Advanced Accountancy 1</td>
</tr>
<tr>
<td><strong>Final Examination</strong></td>
<td></td>
<td>Advanced Accountancy 2</td>
</tr>
<tr>
<td>Advanced Accounting- Part I</td>
<td></td>
<td>Partnership &amp; Company Law</td>
</tr>
<tr>
<td>Advanced Accounting- Part 2</td>
<td></td>
<td>Mercantile Law</td>
</tr>
<tr>
<td>Auditing, (incl. Investigations)</td>
<td></td>
<td>Final Part 2</td>
</tr>
<tr>
<td>Taxation</td>
<td></td>
<td>Management Accountancy</td>
</tr>
<tr>
<td>General Financial Knowledge Cost and Management Accounting</td>
<td></td>
<td>Auditing</td>
</tr>
<tr>
<td>English Law - Part I</td>
<td></td>
<td>Taxation</td>
</tr>
<tr>
<td>English Law - Part 2</td>
<td></td>
<td>General Financial Knowledge</td>
</tr>
<tr>
<td></td>
<td><strong>1997</strong></td>
<td><strong>1997</strong></td>
</tr>
<tr>
<td><strong>Foundation Education</strong></td>
<td><strong>6 papers</strong></td>
<td><strong>6 papers</strong></td>
</tr>
<tr>
<td>Financial Accounting and Auditing</td>
<td></td>
<td>Financial Accounting</td>
</tr>
<tr>
<td>Business Law</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Economics</td>
<td></td>
<td>Business Maths., Statistics and Data Processing</td>
</tr>
<tr>
<td>Introduction to financial Decisions</td>
<td></td>
<td>Business Communication (English) Paper I</td>
</tr>
<tr>
<td>Company Law</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management and Marketing</td>
<td></td>
<td><strong>Licentiate I</strong></td>
</tr>
<tr>
<td><strong>Intermediate</strong></td>
<td><strong>5 Paper</strong></td>
<td></td>
</tr>
<tr>
<td>Auditing and Professional Issues</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial Reporting</td>
<td></td>
<td><strong>Licentiate II</strong></td>
</tr>
<tr>
<td>Taxation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business Planning and Finance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management Information and Control</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Final</strong></td>
<td><strong>4 Papers</strong></td>
<td><strong>4 Papers</strong></td>
</tr>
<tr>
<td>Advanced auditing and financial reporting</td>
<td></td>
<td>Advanced auditing and financial reporting</td>
</tr>
<tr>
<td>Advanced Taxation</td>
<td></td>
<td>Advanced Taxation</td>
</tr>
<tr>
<td>Advanced business and financial management</td>
<td></td>
<td>Advanced business and financial management</td>
</tr>
<tr>
<td>Multi-disciplinary case study</td>
<td></td>
<td>Multi-disciplinary case study</td>
</tr>
</tbody>
</table>

Table 4.15 shows the subjects prescribed for the Intermediate and Final examinations of two professional bodies during 1960 and 1997. The only apparent difference between the two curricula during 1960 was that while the ICAEW prescribed only one Final examination beyond its Intermediate level, the ICASL had divided its Final examination into two parts. Similarly, during 1997 while the ICAEW's curriculum was divided into three sections as Foundation, Intermediate and Final, the ICASL divided it into five sections as Licentiate I, Licentiate II, Professional I, Professional II and Professional III. However, the subjects prescribed for these examinations appeared to be quite similar.

In both the ICAEW and ICASL, upon passing the final examinations and submitting a certificate issued by the principal, indicating the successful completion of the period of practical training, the articled clerk becomes eligible for admission to the associate membership of the Institute. As pointed out earlier, although ICASL did not pay much attention to the timely revision of its curriculum, the ICAEW revised its final examination curriculum many times in accordance with the changing conditions. For example, the ICAEW revised its final examination curriculum in 1965 as shown in Table 4.16.

Table 4.16
ICAEW examination revisions in 1965

<table>
<thead>
<tr>
<th>Intermediate Examination</th>
<th>Final Examination Part I</th>
<th>Final Examination Part II</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Bookkeeping and Accounts (incl. limited Com.)</td>
<td>Advanced Accounting I</td>
<td>Advanced Accounting II</td>
</tr>
<tr>
<td>2. Bookkeeping and Accounts (incl. partnerships)</td>
<td>Taxation I</td>
<td>Advanced Accounting III</td>
</tr>
<tr>
<td>3. Bookkeeping and Accounts (incl. executorship)</td>
<td>English Law I</td>
<td>Auditing</td>
</tr>
<tr>
<td>4. Auditing</td>
<td>English Law II</td>
<td>Taxation II</td>
</tr>
<tr>
<td>5. General Commercial Knowledge (incl. the elements of English Law)</td>
<td>General Paper, including the Elements of Economics</td>
<td></td>
</tr>
<tr>
<td>6. Taxation and Cost Accounting</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

These changes were made in response to the recommendations of the 'Parker Committee on Education and Training' which was appointed in 1958. Its principal conclusion was the following:

The fundamental character of the Institute qualification should not be changed but the means and terms of entry into membership need to be adapted to changed and changing conditions (Parker Committee on Education and Training, The Accountant, 1961:553).

A principal recommendation of the Parker Committee was that the examination syllabus should be amended and the final examination should be divided into two parts to accommodate an increase in the number of examination papers from seven to nine. The Parker report was subjected to detailed examination by the ICAEW Council and the Committees of the District Societies of Chartered Accountants. The proposed changes, based on the Report and Council decisions, were put in the form of a resolutions to a Special Meeting of Members on 6th March, 1963, which were all carried by a substantial majority (Parker Committee on Education and Training, The Accountant, 1963). So far as examinations were concerned, the two-part final was accepted, and was to be introduced in 1965. The amended subjects are shown in Table 4.16.

Most of these changes occurred after 1970, following the failure of the proposals to amalgamate the six major professional accountancy bodies into one new professional organisation in the UK. The failure of the amalgamation scheme led the institute in 1970 to publish a draft revisions to the examination syllabus on which it invited comments. Particularly during 1970 and 1971, the two journals, Accountant and Accountancy, carried

---

3 The six are : the Institute of Chartered Accountants in England and Wales; the Institute of Chartered Accountants of Scotland; the Institute of Chartered Accountants in Ireland; the Association of Chartered
many articles commenting on the proposed changes to the examination structure. In addition, there had been submissions from many interested parties in the profession. Having received these comments, the Council of the ICAEW published a further discussion document dated August 1971, inviting further comments (ICAEW, 1971). This was undoubtedly the most far reaching consultative process that had ever been undertaken by the ICAEW with regards to its education, training and examination policy. The culmination of the consultative procedures was the publication in May 1972 of a new 'Policy for Education and Training' (ICAEW, 1972). This policy document was particularly important because it contained decisions on a further revision to the examination structure. Consequently, another revision of ICAEW examinations took place in 1975. This revision of the examination structure is shown in Table 4.17.

Table 4.17
ICAEW examination revisions in 1975

<table>
<thead>
<tr>
<th>Foundation Examination</th>
<th>Final Examination Professional I</th>
<th>Final Examination Professional II</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting</td>
<td>Financial Accounting I</td>
<td>Financial Accounting II</td>
</tr>
<tr>
<td>Law</td>
<td>Taxation I</td>
<td>Taxation II</td>
</tr>
<tr>
<td>Economics</td>
<td>Law</td>
<td>Auditing</td>
</tr>
<tr>
<td>Statistics</td>
<td>Auditing, Systems and Data processing</td>
<td>Management Accounting</td>
</tr>
</tbody>
</table>


In this revision, the Intermediate Examination was replaced by a Foundation Examination, and the two part Final Examination was replaced by Professional Examination I (PE I) and Professional Examination II (PE II). It is interesting to note that in this revision several new features were added to the examination structure of ICAEW. For example, two new subjects, Statistics and Economics were introduced at the Foundation level. Moreover,
Auditing Systems and Data Processing for PE I and Management Accountancy for PE II were introduced as new subjects to enrich final examinations. Furthermore, having realised the importance of constant curriculum revisions, the Institute set up an Education and Training Directorate in October 1978, which soon afterwards put in motion a review of the working of the examination system. The Directorate's interim Report was published in January 1980 and supported the idea of a single professional examination (Freear, 1982).

In Sri Lanka, a new scheme of education and training was commenced in 1976 by the ICASL in response to a committee recommendation in 1973. This new scheme eventually led to a revision of the examination structure. Apparently, the inducement for this type of structural change took place as a result of similar changes made by ICAEW in the UK as explained in the previous paragraph. Under the new arrangement, the intermediate examination was divided into two parts as Preliminary and Licentiate. The final examination was restructured as Associate part I and II. Table 4.18 shows the examination subjects of ICASL and ICAEW in 1976 and 1975 respectively. The subjects offered under the new scheme of ICASL are shown in the second column of this table. An important objective of the new scheme was to train middle level accountants (Licentiates), who were expected to fill positions particularly in medium-sized enterprises in the public and private sectors in the country. It was also expected that more Chartered Accountants would be produced as this scheme was considered to be an 'open' one whereas the earlier scheme was said to be 'restrictive'.
Table 4.18
Subjects for the examinations of ICASL and ICAEW

<table>
<thead>
<tr>
<th>ICAEW Subjects in 1975</th>
<th>ICASL Subjects in 1976</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Foundation Examination</strong></td>
<td><strong>Preliminary</strong></td>
</tr>
<tr>
<td>Accounting</td>
<td>Accountancy</td>
</tr>
<tr>
<td>Law</td>
<td>Auditing</td>
</tr>
<tr>
<td>Economics</td>
<td>Business Mathematics &amp; Statistics</td>
</tr>
<tr>
<td>Statistics</td>
<td></td>
</tr>
<tr>
<td><strong>Final Examination</strong></td>
<td><strong>Licentiate</strong></td>
</tr>
<tr>
<td><strong>Professional I</strong></td>
<td>Accountancy 1</td>
</tr>
<tr>
<td>Financial Accounting I</td>
<td>Accountancy 2</td>
</tr>
<tr>
<td>Taxation I</td>
<td>Auditing</td>
</tr>
<tr>
<td>Law</td>
<td>Environment</td>
</tr>
<tr>
<td>Auditing, Systems and Data processing</td>
<td></td>
</tr>
<tr>
<td><strong>Final Examination</strong></td>
<td><strong>Associate Part I</strong></td>
</tr>
<tr>
<td><strong>Professional II</strong></td>
<td>Accounting &amp; Finance I (Theory)</td>
</tr>
<tr>
<td>Financial Accounting II</td>
<td>Accounting &amp; Finance II (Systems)</td>
</tr>
<tr>
<td>Taxation II</td>
<td>Accounting &amp; Finance III(Practice)</td>
</tr>
<tr>
<td>Auditing</td>
<td>Management</td>
</tr>
<tr>
<td>Management Accounting</td>
<td>Auditing (Principles, Techniques &amp; Procedures)</td>
</tr>
<tr>
<td>Elements of Financial Decisions</td>
<td>Commercial Law</td>
</tr>
<tr>
<td><strong>Associate Part II</strong></td>
<td><strong>Associate Part II</strong></td>
</tr>
<tr>
<td>Decision Accounting I (Concepts &amp; Techniques)</td>
<td>Decision Accounting II (Practice)</td>
</tr>
<tr>
<td>Decision Accounting II (Practice)</td>
<td>Auditing (Practice)</td>
</tr>
<tr>
<td>Economics</td>
<td>Taxation</td>
</tr>
<tr>
<td>Taxation</td>
<td>Corporate Law</td>
</tr>
</tbody>
</table>

Source: Freear, 1982, The Final Examinations of the Institute of Chartered Accountants ICAEW.

As shown comparatively in Table 4.18, the revised scheme and the subjects of ICASL seem to be a verbatim of the ICAEW revision to its curriculum in 1975. For example, following the ICAEW’s introduction of a subject on Statistics for the first time in its Foundation examination in 1975 the ICASL also has introduced a new subject on Business Mathematics & Statistics at its preliminary level in 1976.

Subsequently, there was another review of the examination system of ICAEW. Accordingly, further amendments were approved by the Council in December 1979 (ICAEW, 1979). The principal aim of these amendments was to provide a smoother progression from PE I to PE II so that conscientious students, after completing PE I, could
have a reasonable expectation of passing PE II. This new structure, as shown in Table 4.19, came into effect in May 1981 for PE I and December 1981 for PE II.

Table 4.19
New structure of examinations of ICAEW - 1981

<table>
<thead>
<tr>
<th>Foundation Examination</th>
<th>Professional - I (P.E. I)</th>
<th>Professional - II (P.E. II)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting</td>
<td>Financial Accounting I</td>
<td>Financial Accounting II</td>
</tr>
<tr>
<td>Law</td>
<td>Accounting Techniques</td>
<td>Financial Management</td>
</tr>
<tr>
<td>Economics</td>
<td>Law</td>
<td>Management Accounting</td>
</tr>
<tr>
<td>Quantitative Techniques</td>
<td>Auditing, Systems and Data Processing</td>
<td>Auditing</td>
</tr>
<tr>
<td></td>
<td>Elements of Taxation</td>
<td>Advanced Taxation</td>
</tr>
</tbody>
</table>


According to these revisions, PE I became a five-paper examination, consisting of Financial Accounting I (revised syllabus), Accounting Techniques (to cover basic aspects of financial and cost accounting), Law (unchanged); Auditing, Systems and Data Processing (revised syllabus) and Elements of Taxation (existing Taxation I syllabus). PE II remained as a five-paper examination, consisting of Financial Accounting II (revised syllabus), Financial Management (replacing Elements of Financial Decisions), Management Accounting (revised syllabus), Auditing (unchanged), and Advanced Taxation (existing Taxation II syllabus) (Freear, 1982).

In Sri Lanka, the ICASL examinations were revised once again in 1987, discontinuing the Preliminary examination and providing a new scheme of examinations. In doing so, a Licentiate examination was introduced with two parts as Licentiate I and II. The final examinations were separated into three parts as Professional I, II, and III. This revision took place as a result of a consultative document (similar to the ICAEW consultative document), which was prepared by the Institute and viewed by its members (ICASL, 1987). It set out inter alia the principles to be considered in formulating detailed
syllabuses and changes to examination methods. The Table 4.20 shows the revision of ICASL examinations in 1987 along with those of ICAEW in 1981.

In the revision of ICASL examinations in 1987, a few new subjects have been included both at licentiate and professional levels. For example, as shown in Table 4.20, a subject on Cost and Management Accounting has been introduced at the Licentiate II examination. Another important feature in the new structure was the introduction of a subject on Information Technology in Professional Part II. However, when the curriculum revision of ICASL in 1987 is compared with that of ICAEW in 1981, it appears that both institutes are offering almost identical subjects in their examinations. Subsequently, with effect from March 1991, (a) Auditing and (b) Business Mathematics, Statistics and Data Processing have been interchanged with Auditing being placed in Licentiate II. Further, a new subject in Business Communication was added to the Professional Level in September 1992 for the purpose of upgrading the English language proficiency of prospective accountants.
Table 4.20
Subjects for the examinations of ICASL (1987) and ICAEW (1981)

<table>
<thead>
<tr>
<th>ICAEW- 1981</th>
<th>ICASL - 1987</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Foundation Examination</strong></td>
<td><strong>Licentiate I</strong></td>
</tr>
<tr>
<td>Accounting</td>
<td>Financial Accounting</td>
</tr>
<tr>
<td>Law</td>
<td>Auditing*</td>
</tr>
<tr>
<td>Economics</td>
<td>Business Communication</td>
</tr>
<tr>
<td>Quantitative Techniques</td>
<td><strong>Licentiate II</strong></td>
</tr>
<tr>
<td><strong>Professional - I (P.E. I)</strong></td>
<td>Cost &amp; Management Accounting</td>
</tr>
<tr>
<td>Financial Accounting I</td>
<td>Business Environment (Economics, Law, Taxation &amp; Management)</td>
</tr>
<tr>
<td>Accounting Techniques</td>
<td></td>
</tr>
<tr>
<td>Law</td>
<td></td>
</tr>
<tr>
<td>Auditing, Systems and Data Processing</td>
<td></td>
</tr>
<tr>
<td>Elements of Taxation</td>
<td></td>
</tr>
<tr>
<td><strong>Professional - II (P.E. II)</strong></td>
<td><strong>Professional I</strong></td>
</tr>
<tr>
<td>Financial Accounting II</td>
<td>Accounting Theory</td>
</tr>
<tr>
<td>Financial Management</td>
<td>Auditing (Principles, Techniques &amp; Procedures)</td>
</tr>
<tr>
<td>Management Accounting</td>
<td>Economics, Finance &amp; Commerce</td>
</tr>
<tr>
<td>Auditing</td>
<td>Commercial &amp; Industrial Law</td>
</tr>
<tr>
<td>Advanced Taxation</td>
<td>Business Communication(English)-Paper 2**</td>
</tr>
<tr>
<td></td>
<td><strong>Professional II</strong></td>
</tr>
<tr>
<td></td>
<td>Advanced Accounting</td>
</tr>
<tr>
<td></td>
<td>Taxation</td>
</tr>
<tr>
<td></td>
<td>Corporate Law</td>
</tr>
<tr>
<td></td>
<td>Information Technology</td>
</tr>
<tr>
<td></td>
<td><strong>Professional III</strong></td>
</tr>
<tr>
<td></td>
<td>Management Accounting and Operational Research</td>
</tr>
<tr>
<td></td>
<td>Financial Management</td>
</tr>
<tr>
<td></td>
<td>Auditing (Practice)</td>
</tr>
<tr>
<td></td>
<td>Management</td>
</tr>
</tbody>
</table>

*From March 1991, these two papers had been interchanged.

**In 1991, the Council decided to introduce a new paper in Business Communication at the Professional Level, with effect from September 1992.


4.1.7.1 Introduction of New Syllabuses in ICAEW since 1980's

As the professional accounting education in the UK was expanding, it was realised that further revisions could enrich the professional examinations conducted by ICAEW. Therefore, the training directorate of the ICAEW drew attention to a further revision of the 1981 curriculum. Consequently, in the academic year 1988-89, wholly new syllabuses were introduced for the Professional Examinations. The revised curriculum is shown in Table...
4.21 along with the curriculum of 1981. Accordingly, the Foundation examination remained unchanged while Accounting Techniques was replaced by Management Accounting and Financial Management in Professional Part I. Similarly, Auditing Systems and Data Processing was replaced by Auditing I. However, Law, Taxation and Financial Accounting were to remain unchanged. On the other hand, the Professional Part II examination was revised to include only four subjects instead of five. Accordingly, Management Accounting and Financial Management were combined and offered as one subject. Auditing, Taxation, and Financial Accounting remained unchanged.

Table 4.21
Subjects for the examinations of ICAEW in 1981 and 1988

<table>
<thead>
<tr>
<th>1981</th>
<th>1988-89</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Foundation Examination 1981</strong></td>
<td><strong>Foundation Examination</strong></td>
</tr>
<tr>
<td>Accounting</td>
<td>Accounting</td>
</tr>
<tr>
<td>Law</td>
<td>Law</td>
</tr>
<tr>
<td>Economics</td>
<td>Economics</td>
</tr>
<tr>
<td>Quantitative Techniques</td>
<td>Quantitative Techniques</td>
</tr>
<tr>
<td><strong>Final Examination Professional I</strong></td>
<td><strong>Professional Examination 1</strong></td>
</tr>
<tr>
<td>Financial Accounting I</td>
<td>Auditing 1</td>
</tr>
<tr>
<td>Accounting Techniques</td>
<td>Financial Accounting 1</td>
</tr>
<tr>
<td>Law</td>
<td>Law</td>
</tr>
<tr>
<td>Auditing, Systems and Data Processing</td>
<td>Management Accounting &amp; Financial Mgt 1</td>
</tr>
<tr>
<td>Elements of Taxation</td>
<td>Taxation 1</td>
</tr>
<tr>
<td><strong>Final Professional II</strong></td>
<td><strong>Professional Examination 2</strong></td>
</tr>
<tr>
<td>Financial Accounting II</td>
<td>Auditing 2</td>
</tr>
<tr>
<td>Financial Management</td>
<td>Financial Accounting 2</td>
</tr>
<tr>
<td>Management Accounting</td>
<td>Management Accounting &amp; Financial Mgt,2</td>
</tr>
<tr>
<td>Auditing</td>
<td>Taxation 2</td>
</tr>
<tr>
<td>Advanced Taxation</td>
<td></td>
</tr>
</tbody>
</table>

Source: ICAEW, 1989

The ICAEW revised curriculum of 1988-89 was in operation until about early 1990s and the Training Directorate of the ICAEW again introduced another revision for its examinations in the academic year 1993-94. In this revision, they made an attempt to introduce completely new syllabuses for the professional examinations and for
Foundation Education. Table 4.22 shows a comparative picture of 1988/89 and 1993/94 curriculum revisions of ICAEW. Accordingly, the structure of Foundation Examination and Professional Examination I and II in the 1988-89 was revised to introduce a Foundation Education, Intermediate Examination and a Final examination commencing from academic year 1993-94. The subjects offered under each examination are listed in the second column of the Table 4.22. Accordingly, the Foundation Education is oriented towards whole gamut of business and financial decision areas for a prospective accountant. Therefore, Financial Accounting & Auditing, Business Law, Introduction to Business and Introduction to Financial Decisions have been introduced in the Foundation Education stage of ICAEW examinations. This revision seem to be a complete overhaul of the Foundation level of ICAEW. At the Intermediate Examination, Auditing and Information systems, Financial Reporting, Financial Planning and Control, Business Finance and Decisions and Taxation courses have been introduced. Similarly, in the Final Examination, Auditing and Financial Reporting, Business Planning and Evaluation, Advanced Taxation and a Multi-disciplinary case study have been introduced. Compared to 1988-89, the salient change was the introduction of a Multi-Disciplinary case study in the final examination. In addition, the ICAEW introduced an open book examination from May 1991 and candidates were allowed to take the specified texts into the examination room.
### Table 4.22

**Subjects for the examinations of ICAEW in 1993 and 1994**

<table>
<thead>
<tr>
<th>1988-89</th>
<th>1993-94</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Foundation Examination</strong></td>
<td><strong>Foundation Education</strong></td>
</tr>
<tr>
<td>Accounting</td>
<td>Financial Accounting &amp; Auditing</td>
</tr>
<tr>
<td>Law</td>
<td>Business Law</td>
</tr>
<tr>
<td>Economics</td>
<td>Introduction to Business</td>
</tr>
<tr>
<td>Quantitative Techniques</td>
<td>Introduction to Financial Decision</td>
</tr>
<tr>
<td><strong>Professional Examination 1</strong></td>
<td><strong>Intermediate Examination</strong></td>
</tr>
<tr>
<td>Auditing</td>
<td>Auditing and Information systems</td>
</tr>
<tr>
<td>Financial Accounting 1</td>
<td>Financial Reporting</td>
</tr>
<tr>
<td>Law</td>
<td>Financial Planning and Control</td>
</tr>
<tr>
<td>Management Accounting &amp; Financial Mgt, 1</td>
<td>Business Finance and Decisions</td>
</tr>
<tr>
<td>Taxation 1</td>
<td>Taxation</td>
</tr>
<tr>
<td><strong>Professional Examination 2</strong></td>
<td><strong>Final Examination</strong></td>
</tr>
<tr>
<td>Auditing 2</td>
<td>Auditing and Financial Reporting</td>
</tr>
<tr>
<td>Financial Accounting 2</td>
<td>Business Planning and Evaluation</td>
</tr>
<tr>
<td>Management Accounting &amp; Financial Mgt, 2</td>
<td>Advanced Taxation</td>
</tr>
<tr>
<td>Taxation 2</td>
<td>Multi-disciplinary case study</td>
</tr>
</tbody>
</table>


Until the academic year 1996, the subjects shown in the second column of Table 4.22 were offered at the Foundation, Intermediate and Final examination levels of the ICAEW (ICAEW 1996, 1997). It is important to note that under this scheme, the ICAEW delegated the responsibility of examining the Foundation Education candidates to approved institutes in the UK. Consequently, the organisation and evaluation of examination papers was changed to be handled with the assistance of these approved institutions. In the academic year 1997, the ICAEW revised its examinations once again. Table 4.23 shows (second column) the subjects offered since 1997. At this revision, the Foundation Examination was enriched with six papers and two additional subjects for (a) Economics and (b) Management and Marketing.

Revision of the curriculum on a regular basis is considered essential for any professional body to remain relevant to its field of study particularly in the current
environment where changes take place with phenomenal rapidity. Based on these developments, the ICASL also took steps to revise its curriculum again in 1995 (after 1987). The revised curriculum was implemented with effect from 1st January, 1998. These revisions were supported by an expert from the ICAEW and financial assistance was provided for the services of the ICAEW expert by the Asian Development Bank under Financial Management Training Project. The revised curriculum of the ICASL is shown in the first column of Table 4.23 along with the ICAEW curriculum of 1997 in the second column.

As apparent from Table 4.23, there exist a number of similarities between the curricula of ICAEW and ICASL. The most striking similarity is that both institutes have almost the same stages of their framework of examinations structure; the ICAEW has altogether three stages as Foundation, Intermediate and Final with 15 subject areas. The ICASL has Foundation, Intermediate and two-part Final examinations with 15 subject areas.
Table 4.23
Subjects for the examinations of ICASL and ICAEW

| --- | --- |
| **Foundation Examination (4 papers)**  
Introduction to Financial Accounting  
Introduction to Decision Making Techniques  
Introduction to Business  
Business Communication | **Foundation Education (6 papers)**  
Financial Accounting and Auditing  
Business Law  
Economics  
Introduction to financial Decisions  
Company Law  
Management and Marketing |
| **Intermediate Examination (4 papers)**  
Auditing  
Commercial Law and Tax  
Financial Accounting  
Business Finance and Decisions | **Intermediate (5 Papers)**  
Auditing and Professional Issues  
Financial Reporting  
Taxation  
Business Planning and Finance  
Management Information and Control |
| **Final I Examination (4 papers)**  
Advanced Financial Accounting and Reporting  
Corporate Law  
Management Information Systems and Information Technology  
Management Accounting  
Business Communication | **Final (4 Papers)**  
Advanced auditing and financial reporting  
Advanced Taxation  
Advanced business and financial management  
Multi-disciplinary case study |
| **Final II Examination (4 Papers)**  
Financial Management  
Advanced Auditing  
Advanced Taxation  
Strategic Planning and Management |  |


Six subject areas are covered at the Foundation level of ICAEW, namely, Financial Accounting and Auditing, Business Law, Economics, Introduction to financial Decisions, Company Law, Management and Marketing. The Foundation level of the ICASL covers four subject areas through Introduction to Financial Accounting, Introduction to Decision Making Techniques, Introduction to Business and Business Communication which is an English paper. The ICAEW provides 5 papers at its Intermediate level, namely, Auditing and Professional Issues, Financial Reporting, Taxation, Business Planning and Finance, Management Information and Control. ICASL covers four papers at its Intermediate level,
namely, Auditing, Commercial Law and Tax, Financial Accounting, Business Finance and Decisions. The first trifling difference is that ICAEW offers Management Information and Control at the intermediate level whereas ICASL covers this subject at its Final Part I. The second negligible difference is that Commercial Law is offered by the ICASL at its intermediate level whereas it is offered by the ICAEW at its Foundation level.

The Final Examination of ICAEW has only 4 papers, namely, Advanced Auditing and Financial Reporting, Advanced Taxation, Advanced Business and Financial Management and a multi-disciplinary case study. The ICASL includes 4 papers, namely, Advanced Financial Accounting and Reporting, Corporate Law, Management Information Systems and Information Technology, Management Accounting and Business Communication in its Final I Examination and four papers, namely, Financial Management, Advanced Auditing, Advanced Taxation, Strategic Planning and Management in Final Examination II. The only difference is that the ICASL covers Management Accounting in its Final I as against a multi disciplinary case study covered at the final level of the ICAEW.

Tables 4.24 and 4.25 show the summary of curriculum revisions of ICASL and ICAEW during 1960-1996. A closer examination of the subjects prescribed during this period indicates the deep rooted colonial influence on accounting education at the professional level in Sri Lanka. Consequently, a heavy emphasis has been placed on the legal and auditing aspects of accounting with little attention being devoted to managerial and cost accounting. Coupled with this emphasis is the heavy concentration of accounting education courses upon the technical and mechanical aspects of accounting. Therefore,
professional accounting education in Sri Lanka is heavily biased towards the financial reporting framework established in the UK.

Table 4.24
Summary of curriculum revisions in ICASL from 1960 to 1995

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bookkeeping &amp; Acc. II</td>
<td>Auditing</td>
<td>Bus. Maths, Stats and Data Process</td>
</tr>
<tr>
<td>Auditing</td>
<td>Bus. Maths &amp; Statistics</td>
<td>Business Communication</td>
</tr>
<tr>
<td>G. C. Knowledge</td>
<td>Licentiate</td>
<td></td>
</tr>
<tr>
<td>Final Part I</td>
<td>Accountancy 1</td>
<td>Licentiate II Cost &amp; Mgt. Acc.</td>
</tr>
<tr>
<td>Advanced Acc. I</td>
<td>Accountancy 2</td>
<td>Bus. Environment</td>
</tr>
<tr>
<td>Advanced Acc. II</td>
<td>Auditing</td>
<td>(Economics, Law, Taxation &amp; Mgt.)</td>
</tr>
<tr>
<td>Partner &amp; Comp. Law</td>
<td>Environment</td>
<td>Auditing</td>
</tr>
<tr>
<td>Final Part II</td>
<td>Associate Part I</td>
<td>Professional I Accounting Theory</td>
</tr>
<tr>
<td>Management Acc.</td>
<td>Acc. &amp; Finance I (Theory)</td>
<td>Auditing (Principles, Techniques</td>
</tr>
<tr>
<td>Auditing</td>
<td>Acc. &amp; Finance II (Systems)</td>
<td>&amp; Procedures)</td>
</tr>
<tr>
<td>Taxation</td>
<td>Acc. &amp; Finance III (Practice)</td>
<td>Economics, Finance &amp; Commerce</td>
</tr>
<tr>
<td>Gen. Finan. Knowledge</td>
<td>Management</td>
<td>Commercial &amp; Industrial Law</td>
</tr>
<tr>
<td></td>
<td>Auditing (Principles, Techniques &amp; Procedures)</td>
<td>Bus. Communi (English)-Paper 2</td>
</tr>
<tr>
<td></td>
<td>Commercial Law</td>
<td>Professional II Advanced Accounting</td>
</tr>
<tr>
<td></td>
<td>Associate Part II</td>
<td>Taxation</td>
</tr>
<tr>
<td></td>
<td>Decision Acc. I (Concepts &amp; Techniques)</td>
<td>Corporate Law</td>
</tr>
<tr>
<td></td>
<td>Decision Acc. II (Practice)</td>
<td>Information Technology</td>
</tr>
<tr>
<td></td>
<td>Auditing (Practice)</td>
<td>Professional III Management Accounting and</td>
</tr>
<tr>
<td></td>
<td>Economics</td>
<td>Operational Research</td>
</tr>
<tr>
<td></td>
<td>Taxation</td>
<td>Financial Management</td>
</tr>
<tr>
<td></td>
<td>Corporate Law</td>
<td>Auditing (Practice)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Management</td>
</tr>
</tbody>
</table>

Table 4.25
Summary of curriculum revisions in ICAEW from 1965 to 1996

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Inter</td>
<td>Foundation</td>
<td>Foundation</td>
<td>Foundation</td>
<td>Foundation</td>
<td>Foundation</td>
</tr>
<tr>
<td>B. keep &amp; acc</td>
<td>Acc</td>
<td>Acc</td>
<td>Acc</td>
<td>Acc</td>
<td>FA &amp; Audit</td>
</tr>
<tr>
<td>B. keep &amp; acc</td>
<td>Law</td>
<td>Law</td>
<td>Law</td>
<td>Law</td>
<td>Bus. Law</td>
</tr>
<tr>
<td>B. keep &amp; acc</td>
<td>Econ</td>
<td>Econ</td>
<td>Econ</td>
<td>Econ</td>
<td>Intro. Bus</td>
</tr>
<tr>
<td>Auditing</td>
<td>Statistics</td>
<td>Q. T</td>
<td>Q. T</td>
<td>Q. T</td>
<td>Intro. F. Deci</td>
</tr>
<tr>
<td>G. C. K</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax, Cost acc</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Final Exam</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PART I</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ad. Acc I</td>
<td>Final Exam</td>
<td>Professi I</td>
<td>Final Exam</td>
<td>Professi I</td>
<td>Final Exam</td>
</tr>
<tr>
<td>Taxation I</td>
<td>Fin. Acc I</td>
<td>Auditing</td>
<td>Fin. Acc I</td>
<td>Auditing</td>
<td>Professi I</td>
</tr>
<tr>
<td>Eng. Law 1</td>
<td>Tax I</td>
<td>Law</td>
<td>Acc. Tech</td>
<td>Law</td>
<td>Auditing</td>
</tr>
<tr>
<td>Eng. Law 2</td>
<td>Auditing</td>
<td>Auditing</td>
<td>Law</td>
<td>Ele. Tax</td>
<td>Ele. Tax</td>
</tr>
<tr>
<td>Professi I</td>
<td>Fin. Acc 2</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professi I</td>
<td>Fin. Mgt</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professi I</td>
<td>Mgt. Acc</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professi I</td>
<td>Ad. Tax</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professi I</td>
<td>Ele. of Fin. Decisions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PART II</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ad. Acc 2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ad. Acc 3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Auditing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax II</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gen. Paper</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: ICAEW, Education & Training papers 1960 to 1996.

4.1.8 Practical Training

4.1.8.1 Old system of training

According to the old British system of training for prospective chartered accountants, it was mandatory to undergo training as an Articled Clerk with a practising chartered accountant. Therefore, throughout the history until about 1970s of the ICAEW, the professional training was based on apprenticeship, known as 'Articles of Clerkship'. Accordingly, the trainee had to work for a chartered accountant in public practice, who undertook to offer relevant work experience and some paid opportunities for private study (Freear 1982; ICAEW, 1997). Under this system, a person became articulated through an agreement between a chartered accountant (the principal) and the individual (the articulated clerk); and if the individual was under 21 years of age, a parent or guardian also become a
The period of the articles was usually five years at the beginning for non-graduates. However, for a graduate of a university in the UK, the period of articled service was four years. Before entering articles, a person had to pass or obtain exemption from a preliminary examination, which was a test of general education. Exemption normally was obtained through having achieved a certain standard in earning a general certificate of education while at school, provided English language and mathematics were included. If not exempted, the applicant had to take a preliminary examination prepared by the Institute. According to this system, only four articled clerks were allowed for an Institute member at any one time except with special permission of the council. Moreover, the ICAEW had virtual control over the admission of people into the public accounting field (Lorig, 1960).

However, until very recently the Institute had been an examination body rather than an organisation involved in education and training of potential members (Sainsbury, 1976). The short-lived tuition scheme in the late 1930's was an attempt to do this, but, for the most part, the institute relied upon the contributions made by private sector colleges, universities, polytechnics, students societies, and professional firms themselves. Its influence on education had therefore been indirect: through the medium of examination reports and syllabi and, later, stated examination aims and recommended texts; through membership of bodies such as the Advisory Board of Accountancy Education; and through the accreditation of university, polytechnic and private tutorial college courses. The Institute, through most of its history, has been content to ensure that those entering into articles or training contracts have had a reasonable level of general, non-vocational, education, by way of its own preliminary examinations, the General Certificate of Education, or, increasingly, university and polytechnic degrees. It has been set hurdles in
the form of the intermediate and final examinations, towards which most of the training
effort has been directed (Sainsbury and Solomons, 1980). It was only in 1978 that
Continuing Professional Education (CPE) was introduced in an attempt to ensure that
chartered accountants remained up to date throughout their careers. In normal
circumstances, success in the final examination meant a lifetime qualification (Freear,
1982).

A replica of the above system was apparent from the professional accounting
education and training framework in Sri Lanka up to 1976. Accordingly, the system of
articles played a major role in the whole program. Only exception was that instead of four
articled clerks in the UK, five were allowed in Sri Lanka for each practising ICASL
member. In this process prospective accountants were apprenticed or articled to practising
accountants (called principals) for five years. An apprentice was selected by a principal and
the terms of the articles imposed certain responsibilities on each party. The principal was
to allow study time and provide on-the-job training to the apprentice. The apprentice was
expected to pay a premium to the principal and prepare himself or herself for two
examinations held by the Institute (Perera, 1975). Both in the UK and Sri Lanka, the
articled clerk had to enrol in correspondence courses and prepared for his/her course
assignments in addition to working for five days a week. Each articled clerk was required to
join a local "chartered accountant students' society." The principal was obligated to pay
the entrance fee and the annual dues to ensure that belonging to the society was not a
prohibitive financial burden to the clerk. The society provided a library, lectures, debates,
mock company stockholders' meetings and social and sporting activities. It thus became an
important element in the training program. In this system of training, the 'principal' served
as an agent for the Institute in training the article clerks. During the article period the agent was obliged to provide varied experience as well as reasonable leave provisions to enable the clerk to attend lectures and student society meetings. In addition, the principal had to allow one month full-time study prior to examinations held by the Institute. Moreover, the partners of some accounting firms offered lectures just before examinations as a final aid in the preparation. As such, the system of articles played a major role both in the UK and Sri Lankan professional accounting training.

However, in 1959 a committee of the Association of University Teachers of Accounting in the UK, under the chairmanship of H.C. Edey of the London School of Economics and Political Science, submitted a comprehensive report to the Institute of Chartered Accountants Committee on Education and Training. This report, while making several recommendations, included a strong criticism of the articled clerk training program of the ICAEW, as quoted below:

The present apprenticeship system of training was taken over from the legal profession 100 years previously and has undergone only minor changes since... At present, the whole initial responsibility of judging a boy's suitability for the profession rests upon the individual practicing members of the Institute. ... Certain subjects important to industrial accountants, such as management accounting and statistics, are given little weight or are neglected. Also the privilege of spending some of the period of articles of clerkship in industry might be extended for longer than the present six months in order to make it more attractive.... There are serious disadvantages in the system of giving theoretical instruction by correspondence. There are, for example, the lack of stimulus of contact with teachers and other students, of a chance to learn through mistakes made by others, of inducement to explore alternative answers or approaches, and of a critical and sceptical approach. A suggestion is made that the established Colleges of Advanced Technology and a few other colleges could offer courses to take the place of correspondence courses, the universities not being in a position to handle such a large volume of students.... Some of the examinations given by the Institute are too much a test of dexterity with figures and too little a test of understanding the significance of the figures.
Also, there is little to stimulate a critical or imaginative approach to accounting practices or principles. As a consequence, the accounting literature read by articled clerks seems limited to a few standard text books.... As a means of training young people for practice in accounting, the present system is subject to three important criticisms. To quote the report: "(a) Principals may have to delegate the supervision of articled clerks to persons who do not have much interest in their training or the time to answer questions or explain what is going on. (b) In any but the largest practices, it is impossible to provide complete all-round experience, and there may be serious gaps, both as regards types of work (e.g. costing) and as regards types of client (e.g. financial concerns, manufacturers, etc.). (c) Rarely, we think, is there any co-ordination between the ground being covered in a clerks theoretical studies and the practical work he is doing at or about the same time in his office.... On no profession of comparable importance in England and Wales have the universities made so little impact as on the accountancy profession. If the profession fails to increase its attractiveness to graduates of universities, it will have to recruit more and more from those young people not gifted enough to be admitted to universities..... Accountancy in a university with a well conducted faculty is not a narrow study. Combined with economics and law as recommended, it gives its students a broader education than is received by those pursuing "pure arts" or "pure science". And even though an accounting graduate entering the profession is articulated for only three years, by the end of that time he seems to have caught up to the non-graduate with five years of training, so far as experience is concerned. If the recommendations of this report are followed, more people would be attracted to university training in accounting and to the profession (Lorig, 1960: 459-461).

It is important to note that even in early sixties investigation committees in the UK have shown the importance of following a critical and imaginative approach to accounting education and attracting more university graduates into the accounting profession. It has also been emphasised that if the profession failed to increase its attractiveness to graduates of universities, it would have to recruit more and more from those young people not gifted enough to be admitted to universities. As a consequence of these developments, the universities and the accountancy profession in England and Wales cooperated in 1960's by introducing a scheme to bridge the gap between a university degree and the professional qualification in accounting (Lorig, 1960). Moreover, in view of many criticisms relating to
the articleship of training, the legal relationship of the accounting student with the principal was also revised by the ICAEW and eventually a new system came into effect from 1973. Under the new scheme, the firms of chartered accountants instead of individual chartered accountants were authorised to train students. Accordingly, students became employees under contract to a firm of chartered accountants rather than articled to an individual accountant practising within a firm (ICAEW, Communique, 1997).

From about the beginning of 1960s, there was considerable criticism and resistance for the articleship training scheme in Sri Lanka. For example, after reviewing various weaknesses of this scheme the National Education Commission recommended that:

- the present quota of 5 articled clerk allowed for each practising accountant be increased and the premium payable for articleship reduced.
- Furthermore, the students who intend to take to Accounting as a profession must be allowed, if they so desire, to serve the three year period of articleship in broken periods before entering the university, provided that they serve a continuous period of more than one year after graduation (National Education Commission Report, 1961:45)

Obviously, the specific objective of the above recommendation was to increase the supply of professionally qualified accountants in the country. However, the ICASL was reluctant to accommodate such revisions into its training component and continued to follow the articled clerk system for many years. Within this system, much of the responsibility was placed on the principal. Consequently, it was feared that the principal would be more interested in obtaining service from the articled clerk rather than giving a proper training to him. Articled clerks often seemed to be used for mechanical or routine work in place of book-keepers or others of limited capacity, and seldom were given challenging work or real responsibility. It was also found that the kind of practical training clerks eventually received was highly variable depending on the competence of the principal. It was,
therefore, of doubtful value to require merely a period of practical experience unless, first, the kind of experience required was specified and second, the experience provided to articled clerks was supervised (Perera, 1975).

4.1.8.2 Committee of Future Training of Accountants (1973)

Having considered the major weaknesses in the articled clerk system of training in Sri Lanka and the changes introduced in the UK, the Council of the ICASL appointed a committee in 1970 to work out a scheme for future training of accountants and to review the development process of the profession (Manoharan, 1972). The committee found that the articled clerk system of training based on the old British model was inadequate and proposed instead a more flexible scheme of training. The committee was of the opinion that the new scheme of training, apart from increasing the number of accountants, must also satisfy the following special needs of the economy:

1. The need for accountants who can present information lucidly to decision makers, taking into account the need of the country in the present context;

2. The need for able Financial Managers and Advisers who can appreciate the problems of the country; and

3. The need for accountants who are imaginative organisers able to undertake the problems of management arising in the overnight creation of large scale undertakings and also small scale decentralised management units (Accountant, 1973:9).

It was particularly recommended that:

(a) There should be a change in the approach to the subject of education and training of accountants. Accounting should be treated as a control and management function based on collection, analysis and evaluation of information. The approach through auditing alone does not give the student a grasp of the purpose, functions and the nature of accounting,
(b) In the present schemes of lectures and examinations, negligible place is given to the study of accounting systems, procedures and financial management. General understanding of all these aspects should be part of the basic training of accountants: they should not be treated as subjects for specialisation. Specialisation should not be at the expense of the general understanding of the subject.

(c) Education for the financial and accounting streams should commence in the schools at the General Certificate of Education (G.C.E) levels (Accountant, 1973:7)

The committee also pointed out that:

Experience under articles is heavily biased towards the legal and statutory audit. This approach does not give adequate recognition to accounting as a control function. Experience is centered generally on the techniques of book-keeping and preparation of accounts which is no doubt important. But this concentration could result in a warped attitude to the subject on the part of the student (Accountant, 1973:11).

The new scheme proposed by the committee was approved by the Council of the ICASL in March 1972. It included a period of planned training as opposed to articles in the previous system. Further improvements were the use of case studies and compulsory attendance at seminars which could give a better opportunity for students to critically understand the systems and methods relevant to particular economic activity. Further, it stressed that an attempt should be made to evaluate accounting syllabuses adopted by Universities and Technical colleges on the lines proposed for the professional examinations so that graduates and Diploma holders of the universities and technical colleges could become eligible to sit or exempt from certain papers at Institute Examinations. Commenting on the new training scheme, Manoharan (1974) pointed out that the new scheme of training set the stage for another major move in the professional phase.
4.1.8.3 Present system of practical training

Having responded to criticisms on the articled clerk system in the UK, the present system of training is organised mainly through authorised offices in the UK (now there are over 1600 authorised offices). Most students are trained in firms of Chartered Accountants but there is an increasing number of training places available in the commercial, industrial and public sectors under the Training Outside Public Practice (TOPP) scheme. Under this scheme, it is not necessary for a prospective trainee to undergo a training only in auditing sector with firms of Chartered Accountants, but, the prospective trainee may undertake training with a chartered accountant in commercial, industrial or a public sector organisation in order to fulfil the training requirement. It is interesting to note that in the UK over 90 percent of students studying to be chartered accountants are graduates and over 4000 students come into training every year (ICAEW, 1996).

Currently, the United Kingdom graduates serve a three-year training period, and others, usually those leaving school at eighteen years of age (non-graduates), a four year training period. AAT students also generally undertake three year-training contracts if they have already worked for two years in an institute approved by the training office of ICAEW before taking up a contract. During the contractual period, students are paid a monthly salary and undertake variety of work assignments which counts toward the practical experience required to gain the institute's qualification. Many employers in the UK still contribute to the cost of examination tuition and allow a reasonable amount of study leave.

---

4 Five year training contracts (mainly for 16 year old entrants) were the norm for most of the period. They were phased out in the early 1970s, leaving only four year contracts (mainly for eighteen year olds) and three year contracts (for United Kingdom graduates) (Freear 1982)
In Sri Lanka, at the present time, an approved practical training is necessary in order to qualify for the Licentiate Certificate or for the admission to Associate Membership of the Institute. The normal prescribed period of approved practical training leading to the Licentiate status is 2 years. The normal prescribed period of approved practical training for admission to the Associate membership of the Institute is 4 years, inclusive of the training period leading to the Licentiate status. A person who has any one of the under mentioned qualifications is eligible for a reduction of 1 year in the period of the licentiate Level practical training:

1. Degree of a University in Sri Lanka, or of any other University approved by the Council; or

2. The Higher National Diploma in Accountancy/Commerce of the Sri Lanka Technical College; or

3. The Final Examination of the Chartered Institute of Management Accountants (C.I.M.A. UK); or

4. The Final Examination of the Chartered Association of Certified Accountants (ACCA. U.K).

If a person obtains any one of these qualifications while undergoing Licentiate Level practical training, the balance period of practical training will be reduced by one-half. The ICASL practical training may be broadly classified into the following categories:

1. The Audit Sector
   
   (a) Firms of practising Chartered Accountants which satisfy certain criteria laid down by the Council

   (b) The Auditor-General's Department

2. The Non- Audit Sector
Organisations which employ Chartered Accountants and which satisfy certain criteria laid down by the ICASL Council. A Training Organisation (TO) would be approved for Professional Level practical training only if it had been previously approved by Council for Licentiate Level practical training.

The commencement of training would be determined as follows:

1. Audit Sector

The date of announcement of training would be the date on which the TO and the student agree that the training agreement commenced; such date to be not more than 4 months prior to the date on which the Institute receives the Training Agreement for registration, or the date on which the training commenced, whichever is the latest.

2. Non - Audit Sector

The date of commencement of training would be the date on which the Institute receives the Training Program, or the date on which the training commenced, whichever is the latest, provided it is subsequently approved. The Training Agreements are issued by the Institute in triplicate. The Student/Trainee, the Authorised Officer of the TO and the Supervising Member should sign all three copies of the Training Agreement. The three signed copies of the Training Agreement should thereafter be sent to the Institute for registration. After registration, the Institute would retain one copy and forward one copy to the student/trainee and the other to the Supervising member. The Student/Trainee is expected to enter his/her Training Record concurrently with the training. The Supervising Member should certify the accuracy thereof by signing each page. A change of the TO or Supervising Member should receive the Training Organisation's consent or the Supervising Member's consent as the case may be, and also the prior approval of the Director/Training
of the Institute. Each year of approved practical training would usually comprise of a minimum of 1,250 hours, with a maximum of 8 hours for each working day, exclusive of overtime. The trainee should submit his Training Record and the quarterly summary to the Director/Training within 30 days from the last day of each quarter of approved practical training. If trainee delays submitting these documents, the period of approved practical training would be extended by one-half of the period of delay, subject to a minimum extension of 1 month. An interruption of approved practical training is only allowed for genuine reasons, at the discretion of the Council. A Training Agreement Registration Fee is payable to the Institute, at the time of making an Agreement. Students are required to obtain practical training on a full time basis. Accordingly, student trainees are not permitted to be employed even on a part time basis, in any Organisation other than the Training Institution (ICASL, 1997a).

A registered student may pass the Licentiate examination before completing any practical training, but he/she will not be eligible for the Licentiate certificate until the completion of approved practical training. A student is also required to obtain the Licentiate certificate prior to applying for the Associate membership. On being admitted to the membership, if the member wants to apply for a Certificate to Practice he/she is required to have a minimum of 2 years practical training in a firm of practising accountants after completing the Licentiate Examination.

It is obvious from the above discussion that the training for prospective professional accountants in Sri Lanka has been directly influenced by the ICAEW’s system of training. Periodical revisions to the training system in Sri Lanka have occurred almost entirely as a replica of such changes introduced in the UK. The introduction of the 'articleship' system
as well as its abolition and implementation of a new system are examples of such direct influence. In particular, the current system of training in the audit sector in Sri Lanka is a verbatim of the ICAEW. Moreover, non audit sector, is exactly a duplicate of the Training Outside Public Practice (TOPP) framework existing in the U.K. These developments clearly indicate that the ICASL has been following the British tradition in producing chartered accountants in Sri Lanka.

It is clear from the above discussion that even after the independence, Sri Lanka did not reduce its close ties with the British tradition. Several factors seem to be attributable to this situation. The UK qualified professional accountants exercised a vested interest in propagating British tradition mainly to safeguard their status. Thus, they apparently exercised strong influence using their own politics to delay or postpone educational reforms. Furthermore, those who followed the British tradition continued to believe that it was the best system for professional accounting education in Sri Lanka. Therefore, adopting the ICAEW revisions from time to time may have been considered appropriate.

4.2 SUMMARY

This chapter dealt with current status of the professional accounting education in Sri Lanka as a comparison, where necessary, with the experience of the UK. The Institute of Chartered Accountants of Sri Lanka (ICASL), its membership, migration of accounting professionals, registered students, educational options for professional membership, examination results, affiliation with other professional bodies, curriculum revisions have been discussed in details. In the discussion, some examples of curriculum revisions of the ICAEW were given in order to show that Sri Lankan accounting curriculum has been a
duplicate of the British system. Similarly, the practical training scheme of the professional accounting education in Sri Lanka has followed the British model throughout its existence. Thus, what is clearly evident from the above comparison is that the primary purpose of the ICASL from its inception has been to follow the ICAEW almost entirely in respect of its accounting curriculum and practical training rather than designing them on the basis of local needs. The comparative analysis presented in this chapter also reveals that although the ICAEW has made considerable changes to its membership and examination requirements in the recent past for attracting more and more university graduates into the accounting profession the ICASL has not been so active in this process. Overall, it is apparent from the above analysis that the existing professional accounting education system in Sri Lanka is not adequate for the economic development needs of the country.
CHAPTER FIVE
ACCOUNTING EDUCATION AT THE UNIVERSITY LEVEL

INTRODUCTION

Although accounting education provided by universities has not been recognised as the primary basis for a professional accounting career in Sri Lanka several universities have been offering accounting and related subjects in their programs of studies for nearly four decades. Nevertheless, accounting as a separate degree program was introduced only a few years ago. Therefore, while presenting an analysis of the nature and status of accounting education at the university level, an attention is also paid in this chapter to the reasons for its slow growth.

5.1 ESTABLISHMENT OF UNIVERSITIES

Sri Lanka has a long tradition of education nurtured in the past by centres of scholarship in Buddhist monasteries. Monastic education, at its highest level, produced scholars of great erudition and has left behind a rich heritage of religious and literary works. This tradition, however, was adversely affected by the impact of Western colonialism. Despite various efforts at reviving traditional systems, Sri Lanka's higher education began to be fashioned essentially on the British model (Indraratne, 1988). Accordingly, the modern higher education in Sri Lanka was started in early 1870s with the setting up of the Ceylon Medical College and the Ceylon Law College under the direction of the colonial government (De Silva, 1981). This was followed half a century later by the setting up of the Ceylon University College in 1921. The Ceylon Medical College and the Ceylon Law College, however, continued to operate independently despite the setting up of the University College. Later, the Sri Lankan university system was formally established under the Ceylon University Ordinance,
No.20 of 1942 by bringing together the two institutions which were already in existence - the Medical College which was linked with the professional medical institutions of Great Britain and the University College which provided courses in Arts and Science for the external degrees of the University of London. Since these institutions were geared to the needs of foreign requirements, it was hoped that the establishment of a national university would give fresh orientation and cater to the needs of the country. But the Act had certain in-built features which directed the university into an Oxbridge model comprising elitist characteristics of a typical British university at that time (De Silva, 1977). However, newly formed 'University of Ceylon' commenced its first academic year officially on 1st July, 1942. This was the real beginning of modern university education in Sri Lanka. With this backdrop, however, university education in Sri Lanka was conservative or restrictive until the introduction of universal free education in 1945. Eventually, national languages were introduced as media of instruction to the whole education system in Sri Lanka. As a consequence of this, Arts faculties in the universities were opened in 1960. From the inception, universities in Sri Lanka have always remained under the general sponsorship and control of the government. Table 5.1 illustrates the phenomenal increase in student enrolments in universities along with the new university set up.

As a consequence of the removal of the English language barrier in the late forties, the pressure on secondary education, especially upper secondary education became very high. Therefore, university education succumbed to many pressures at the beginning of the sixties. The elitist University of Ceylon which had grown very slowly till the end of the fifties trebled its enrolment during 1960-1965. Eventually, two new universities with a more local ethos, the Vidyalankara and Vidyodaya Universities, were established in
1959 and they provided expanded accommodation and facilities particularly for rural youth in Sri Lanka (Jayaweera, 1977).

Table 5.1
Student enrolments at the universities

<table>
<thead>
<tr>
<th>Year</th>
<th>University of Ceylon</th>
<th>Vidyodaya University</th>
<th>Vidyalankara University</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Peradeniya</td>
<td>Colombo</td>
<td>Vidyalankara</td>
<td></td>
</tr>
<tr>
<td>1942</td>
<td>904</td>
<td>-</td>
<td>-</td>
<td>904</td>
</tr>
<tr>
<td>1950</td>
<td>2,036</td>
<td>-</td>
<td>-</td>
<td>2,036</td>
</tr>
<tr>
<td>1960</td>
<td>3,181</td>
<td>-</td>
<td>501</td>
<td>4,127</td>
</tr>
<tr>
<td>1965</td>
<td>10,723</td>
<td>-</td>
<td>1,649</td>
<td>14,368</td>
</tr>
<tr>
<td>1968</td>
<td>5,368</td>
<td>4,731</td>
<td>2,131</td>
<td>14,343</td>
</tr>
<tr>
<td>1973</td>
<td>4,549</td>
<td>3,611</td>
<td>2,013</td>
<td>12,316</td>
</tr>
</tbody>
</table>

Source: Reports, Universities of Ceylon, Vidyodaya and Vidyalankara, "Education and Development in Sri Lanka, Prof. Swarna Jayaweera, Education and Socio Economic Development of Sri Lanka, Sri Lanka Foundation Institute, 1977

Although the Sri Lankan university system was established in 1942, it did not include commerce as a separate area of study until the beginning of 1960. As explained in Chapter 3, it was the Ceylon Technical College that pioneered in conducting certificate and diploma level courses in the area of commerce. However, a similar situation had prevailed even in the UK in the early days of its university education (Dev, 1978).

5.2 NATIONAL EDUCATION COMMITTEES AND SUBSEQUENT DEVELOPMENTS

In 1961, a National Education Commission (NEC) was appointed to make a comprehensive review of the entire education system in Ceylon. In addition to its major report, the NEC submitted a separate report on commerce education. The commission realised that an expansion of commerce education was essential to meet the increasing demand for commercially trained personnel in the economy. In its inquiry process, the NEC found that the facilities and opportunities existed for commerce education at that time were unsatisfactory and inadequate. At the school level, best students did not take to the study of commerce subjects, and commerce classes were filled with those who had been unable to make good at other studies. This was largely
due to the fact that studies in commerce were not recognised for university entrance purposes. Therefore, the NEC reported that;

At the post-school level in the only Government institutions that provide education in commercial subjects, namely in the Ceylon Technical College and the Junior Technical Schools, present facilities are inadequate in two important aspects. In the first place, the type of training is unsatisfactory in that it does not meet the requirements of the trainees in most of the jobs available to them, the training not being as comprehensive as it should be and not such as to enable the trainees to take on a job successfully soon after the period of training without a further period of apprenticeship. Secondly, the present turn-out of trained personnel is insufficient even to meet the existing demand, not to speak of the expanding demand. The prospects of employment in the field of commerce in the future are likely to expand very greatly, because of the expansion in the economy and the increasing provision for Ceylonisation of trade and commerce. It is imperative that the present facilities for commercial education must be improved by establishing new courses in the existing institutions, by setting up new institutions with greater and newer opportunities for training, and by giving commercial studies its due place in the University (National Education Commission 1961:43).

All the delegations communicated with the NEC were very emphatic on the immediate need for the provision of commerce education at the university level. The Ceylon Chamber of Commerce, in particular, urged the establishment of a Faculty of Commerce. The Planning Commission also emphasised in its report the need for personnel in the executive grades with knowledge of business administration and allied subjects. In this respect, the following comment of the Sub Committee on Manpower for Education, Health, Public Administration and other Services is noteworthy:

"...in order to meet the needs of specialisation for economic development in Ceylon early action should be taken to establish a Faculty of Economics at the University of Ceylon and to set up a Department of Commerce within the Faculty of Economics to provide a full range of courses in business administration and related subjects (National Education Commission, 1961:44).

However, the commission was reluctant to recommend the immediate establishment of a Faculty due to heavy financial commitments involved. But it strongly recommended
the immediate institution of a course of studies leading to the degree of Bachelor of Commerce (B. Com). Based on these developments and recognising the importance of commerce and business studies education at the higher levels, the University of Ceylon (Peradeniya) started offering a Bachelor of Commerce degree program in 1961. The curriculum of this degree included a number of accounting subjects. The duration of this program was three years for the general degree and four years for the honours. However, the first year was common with other general arts students in the Department of Economics. Table 5.2 shows the subjects offered in the B.Com degree program at the University of Ceylon (Peradeniya).

Table 5.2

<table>
<thead>
<tr>
<th>Subjects offered in the B.Com program at the University of Peradeniya</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General Degree</strong></td>
</tr>
<tr>
<td>General Arts Qualifying</td>
</tr>
<tr>
<td>Elements of Commerce</td>
</tr>
<tr>
<td>General Arts Degree Part I</td>
</tr>
<tr>
<td>Accountancy and Costing</td>
</tr>
<tr>
<td>Principles of Management</td>
</tr>
<tr>
<td>General Arts Degree Part II</td>
</tr>
<tr>
<td>Management Studies</td>
</tr>
<tr>
<td>Accountancy II</td>
</tr>
<tr>
<td>Special Arts Degree Part II</td>
</tr>
<tr>
<td>Management Studies</td>
</tr>
<tr>
<td>Special Arts Degree Part II</td>
</tr>
<tr>
<td>Management Studies</td>
</tr>
<tr>
<td>Special Arts Degree Part II</td>
</tr>
<tr>
<td>Management Studies</td>
</tr>
<tr>
<td>Special Arts Degree Part II</td>
</tr>
<tr>
<td>Management Studies</td>
</tr>
<tr>
<td>Accountancy II</td>
</tr>
<tr>
<td>Special Arts Degree Part II</td>
</tr>
<tr>
<td>Management Studies</td>
</tr>
<tr>
<td>Special Arts Degree Part II</td>
</tr>
<tr>
<td>Management Studies</td>
</tr>
<tr>
<td>Special Arts Degree Part II</td>
</tr>
<tr>
<td>Management Studies</td>
</tr>
<tr>
<td>Special Arts Degree Part II</td>
</tr>
<tr>
<td>Management Studies</td>
</tr>
<tr>
<td>Special Arts Degree Part II</td>
</tr>
<tr>
<td>Management Studies</td>
</tr>
<tr>
<td>Special Arts Degree Part II</td>
</tr>
<tr>
<td>Management Studies</td>
</tr>
<tr>
<td>Special Arts Degree Part II</td>
</tr>
<tr>
<td>Management Studies</td>
</tr>
</tbody>
</table>


The Vidyodaya University also included an accounting subject component as a specialisation area in its economics (honours) degree program in 1960. In addition, several accounting subjects were included in the Bachelor of Arts honours (Business/Public Administration) and the Bachelor of Arts general (Public/Business
Administration) degree program of this university during the academic year 1959-60 under the Department of Economics, Business and Public Administration. Table 5.3 shows the subjects offered in these programs.

Table 5.3
Subjects offered in Economics/Business/Public Administration degree programs

<table>
<thead>
<tr>
<th>B.A Economics (honours) degree</th>
<th>Economics/Business/Public Administration degree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principles of Economics</td>
<td>General Degree: Principles of Economics</td>
</tr>
<tr>
<td>Applied Economics</td>
<td>Political Science</td>
</tr>
<tr>
<td>Modern Economic History</td>
<td>Sociology</td>
</tr>
<tr>
<td>Political and Social Theory</td>
<td>Public Administration</td>
</tr>
<tr>
<td>Banking and Business Finance</td>
<td>Business Administration</td>
</tr>
<tr>
<td>Statistics</td>
<td>Additional Courses: Sinhala Buddhist Culture</td>
</tr>
<tr>
<td></td>
<td>Compulsory English</td>
</tr>
<tr>
<td><strong>Electives: (Each subject has 3 Papers)</strong></td>
<td><strong>Business / Public Special Degree (Intermediate):</strong></td>
</tr>
<tr>
<td>Political Science</td>
<td>Statistical Methods</td>
</tr>
<tr>
<td>Banking</td>
<td>Business Administration-I</td>
</tr>
<tr>
<td>Accountancy</td>
<td>Public Administration -I</td>
</tr>
<tr>
<td>Economic History</td>
<td>Banking</td>
</tr>
<tr>
<td>Sociology</td>
<td>Economics I</td>
</tr>
<tr>
<td>Research Report</td>
<td>Economic History</td>
</tr>
<tr>
<td></td>
<td>Political Science</td>
</tr>
<tr>
<td></td>
<td><strong>Business / Public Special Degree (Final Examination)</strong></td>
</tr>
<tr>
<td></td>
<td>Economics II</td>
</tr>
<tr>
<td></td>
<td>Monetary Economics</td>
</tr>
<tr>
<td></td>
<td>Statistical Methods</td>
</tr>
<tr>
<td></td>
<td>Financial Accountancy (inclg, Cost Accounting)</td>
</tr>
<tr>
<td></td>
<td>Business Administration-II</td>
</tr>
<tr>
<td></td>
<td>Public Administration- II</td>
</tr>
<tr>
<td></td>
<td>Marketing</td>
</tr>
<tr>
<td></td>
<td>Public Finance</td>
</tr>
<tr>
<td></td>
<td>Business and Industrial Law</td>
</tr>
<tr>
<td></td>
<td>Business Economics and Research Methods</td>
</tr>
</tbody>
</table>

Source: University of Sri Jayewardenepura, Examination Section, 1964

However, these degree programs were reported to have suffered from several weaknesses. For example, in the report of the Commission of Inquiry on Technical Education, 1963, it specifically mentioned that:

the degree courses in commerce and business administration recently introduced at the Universities of Ceylon and Vidyodaya should have a practical basis. The case and syndicate methods of study should be introduced (Commission of Inquiry on Technical Education, 1963:197)
Although the recommendations of this report were very much pertinent, the University of Ceylon (Peradeniya) did not introduce any notable change in its degree program to give it a practical orientation. For example, its B.Com. degree program continued to be offered without the inclusion of an industrial attachment or similar arrangement for students to expose themselves to commerce and industry. The major reason for this situation seemed to be the fact that there were not many industrial or commercial establishments in and around Peradeniya, which could accommodate students for such practical training. The Department of Economics, which conducted Business and Public Administration degree programs at the Vidyodaya University of Ceylon, was reconstituted as the Department of Management Studies in 1968 and revised its curricula to offer a Bachelor of Business Administration (BBA) degree of four years’ duration. Although this program included a limited amount of industry internship training during its final year no local case studies and syndicate methods of imparting knowledge were introduced. Given the lack of practical exposure in commerce and management degrees, and the generally growing unemployment situation among graduates in the country, the pressure and unrest seemed to be very much obvious in different echelons of the society. Many employers were reluctant to recruit graduates into their establishments. Moreover, the broadening of secondary education brought into the university large numbers of students from rural areas and lower income groups. With such developments taking place, for the first time in the recent history of Sri Lanka a radical rebellious group of youths including graduates and undergraduates who came from under privileged backgrounds, mainly due to mistrust of the government and frustration among themselves, led to an unsuccessful insurrection against the ruling government in April 1971. Therefore, it became essential for the government to take suitable steps towards meeting the new social and employment
needs. The Jayaratne Committee on Higher Education was one of the steps taken in this direction.

5.3 THE JAYARATNE COMMITTEE ON HIGHER EDUCATION (1971) AND THE UNIVERSITY REORGANISATION

In 1971, a committee with Dr. Osmond Jayaratne as its chairman was appointed to examine the university education system in the country and make recommendations for improvement. The report of this committee, commonly known as the Jayaratne Report on Higher Education, provided a detailed analysis of problems associated with the socio-economic conditions of the country along with those arising from weaknesses of the university system. In this context, the report pointed out that the most promising students who came to the university had legitimate grievances, particularly because they sought university education with high aspirations but instead found disillusionment and frustration. Moreover, anxiety regarding money matters, contrast with an apparently affluent society around them, lack of facilities in the university, little reading material in the national languages, inability to read books available in English, lack of recreational facilities, poor staff-student relationship and finally at the end of it all the threat of unemployment were observed as the main causes of student frustration. In this connection, one of the important recommendations made by the Jayaratne Committee was to introduce job-oriented degree programs in the university system (De Silva, 1977).

Based on the Jayaratne Report, the government introduced a re-organisation of universities under the University of Ceylon Act No. 01 of 1992. Accordingly, all universities came under one administration and each university became a campus of the University of Ceylon (same year it became the University of Sri Lanka). One of the main features of this reorganisation was the introduction of job-oriented courses in universities.
Consequently, several new developments took place particularly in the area of commerce education. In 1973, in addition to the Bachelor of Business Administration (BBA) degree program, a new B.Com degree program with more orientation towards accounting was introduced by the Vidyodaya Campus. The curriculum of this program is shown in Table 5.7. Subsequently, the campuses of Kelaniya, the Colombo, Ruhuna, and Jaffna started similar programs with an emphasis placed on accounting courses. However, the Vidyodaya Campus (University of Sri Jayewardenepura) continued to be considered as the 'centre of excellence' for commerce/business education.

The policy of increasing opportunities for higher education without impairing its quality continued into the late seventies. A significant step taken in this direction was the enactment of a new act, the Universities Act No. 16 of 1978, to replace the old Act No. 01 of 1972. Consequently, the institutions referred to as “campuses” under the single university concept introduced by the previous government were again elevated as independent universities. Accordingly, a new organisation called a University Grants Commission (UGC) was set up to monitor the operations of these independent universities. Under the provisions and authority of the UGC, many new departments and faculties were established in various universities in the country. Among these developments, setting up of a new Faculty of Commerce and Management Studies at the University of Jaffna and a Department of Commerce and Management Studies at the University of Colombo was another important step taken for enhancing commerce/management/accounting education in the country.
Table 5.4


<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of Universities</td>
<td>9</td>
<td>9</td>
<td>9</td>
<td>9</td>
<td>9</td>
<td>9</td>
<td>9</td>
<td>9</td>
<td>9</td>
<td>9</td>
<td>12</td>
</tr>
<tr>
<td>No. of Students</td>
<td>18496</td>
<td>18217</td>
<td>18913</td>
<td>19966</td>
<td>24640</td>
<td>29471</td>
<td>28260</td>
<td>31447</td>
<td>30637</td>
<td>30774</td>
<td>34000</td>
</tr>
<tr>
<td>No. of students graduated in commerce/Management studies</td>
<td>741</td>
<td>718</td>
<td>139</td>
<td>159</td>
<td>251</td>
<td>772</td>
<td>1096</td>
<td>620</td>
<td>1179</td>
<td>1022</td>
<td>1236</td>
</tr>
</tbody>
</table>


Table 5.4 shows the total number of students who obtained undergraduate degrees in commerce/management studies as against the total number of undergraduates in all fields of the entire university system in Sri Lanka during 1985-1995. The abrupt drop of student numbers during the year 1987-89 was due to the political unrest prevailed in the country. However, it is surprising to note that despite the increasing student population, the number of universities in the country remained unchanged until 1994. Three more universities were set up only in the latter part of 1995. Although universities produced a considerable number of graduates in commerce/management only a small number of these graduates obtained the ICASL qualifications to enter the accounting profession in the country. For example, as pointed out in Chapter 4, only about 400 graduates have obtained the membership of ICASL during the entire period of 36 years from 1960 to 1996. The main reason for this situation is the non-recognition of the university degree qualifications in accounting for provisional membership of the ICASL. Even exemptions from various stages or papers of the professional examinations have not been granted for graduates. However, in many other countries this situation does not exist. Generally, it is widely accepted that the university ought to provide accounting education to aspirant accountants in order to equip them with abroad-base knowledge (Perera, 1975; Briston, 1978; Enthoven, 1981a; Tang and Tse, 1986; Rowlands, 1995; Osiegbu, 1987; IFAC, 1994).
For example, in Singapore, university education is the first phase of the journey towards attaining the professional status of an accountant. The university system in Singapore provides accounting students with a more liberal and broad based education than that of the professional training system in the UK (Tang & Tse, 1986, Wijewardena and Yapa, 1998). This situation is quite comparable with many other developed and developing countries. For example, in Australia and New Zealand university degrees are monitored and accredited by the professional accounting bodies. Currently, all seven universities in New Zealand offer accredited accounting degree programs (Moors and MacGregor, 1992; Walker and McClelland, 1994). Moreover, the New Zealand Society of Accountants recently published a report (1992) in which inter alia, a recommendation was made to the effect that the accounting profession should become a graduate profession and the undergraduate accounting degree programs should not contain more than 40 per cent of accounting related courses. In contrast, the ICASL accepts some qualifications awarded by the Sri Lanka Technical College and certain parts of British professional accounting qualifications as equivalent to its examinations at the foundation level. This is not the case for accounting graduates in many developed countries and some other developing countries. For example, the ICAEW (UK) exempts accounting/commerce/management graduates from its foundation examinations (ICAEW, 1996). In Nigeria, exemptions are granted at its professional I examinations to the holders of a degree or a Higher diploma in accounting (Osiegbu, 1987). Similarly, in South Africa formal education for prospective chartered accountants is provided at fifteen universities and these university degrees are accredited by the Public Accountants' and Auditors' Board in South Africa (Rowlands, 1995).
5.4 THE TERTIARY EDUCATION SYSTEM IN SRI LANKA

The tertiary education system in Sri Lankan encompasses all institutions whose minimum entry qualification is the GCE (Advanced Level). These institutions include universities, technical colleges under the Ministry of Higher Education, non-university tertiary institutions such as the ICASL and the Law College, and training institutions operating under certain ministries and private sector organisations. There are twelve full-fledged universities including the open university. These universities offer various degree programs and conduct research. Education in the fields of medicine and dentistry, engineering, architecture, agriculture and business administration is provided by the universities. However, the professional education in accounting and law is left with the ICASL and the Ceylon Law College respectively. Figure 5.1 illustrates the current structure of education provided by the Sri Lankan university system in the broad area of commerce/management/accounting. Accordingly, students who obtain the required aggregate marks through the commerce stream at the GCE (A-L) examination gain admission to a university on the competitive basis. As shown in Figure 5.1, students entering a university through the commerce stream may pursue a program of studies leading to one of the undergraduate degrees such as B.Com, B.Sc. (Business Administration), B.Sc. (Public Administration), B.Sc. (Estate Management and Valuation). Although all students in commerce and business/public administration programs take a considerable number of accounting subjects those who wish to obtain a comprehensive accounting degree need to enrol in the B.Sc. (Accounting and Finance) program. The duration of the above programs of study is four years.

The Bachelor of Commerce degree programs are offered by the universities of Colombo, Kelaniya, Ruhuna, Jaffna, Sri Jayewardenepura and in the Eastern University of Sri Lanka. In addition, bachelor’s degree programs in management are conducted in the universities of Sri Jayewardenepura, Jaffna and Eastern University of Sri Lanka.
However, a degree program in accounting and finance is conducted only at the University of Sri Jayewardenepura.

5.5 THE UNIVERSITY OF SRI JAYEWARDENEPURA

This university has over 4,000 students in its four faculties of Applied Science, Medical Science, Arts, and Management Studies and Commerce. About 2,500 of these students are in the Faculty of Management Studies and Commerce. As stated earlier, although accounting subjects are included in all the degree programs in commerce and management offered by several universities in Sri Lanka an accounting degree and a separate department of studies for offering this degree program are available only at this university.
Figure 5.1
University education in commerce/management/accounting

CMB = University of Colombo, KLN = Kelaniya University, JAF = Jaffna
RUC = Ruhuna University, SJP = Sri Jayawardanapura
EUSL = Eastern University of Sri Lanka

5.5.1 Undergraduate programs in commerce and management

The University of Sri Jayewardenepura (USJ) (formerly Vidyodaya University of Ceylon) started undergraduate programs of studies both at honours and general levels in Business and Public Administration during the academic year 1959-60 under the Department of Economics, Business and Public Administration. This department was reconstituted as the Department of Management Studies in 1968 and revised the curriculum to offer Bachelor of Business Administration (BBA) which was a special degree of four years' duration. However, under the re-organisation of the university system in 1972, the Department of Management Studies was given faculty status and the Faculty of Management Studies and Commerce was established along with two departments of study: namely, Management Studies and Commerce. The curriculum of the BBA degree program was further revised in 1973 to reconstitute the degree as B.Sc (Special) in Business Administration. With this revision, students were given the option to follow a general degree program in management of three years' duration (USJ-Faculty of Management Studies and Commerce Bulletin: 1979-80). First year of the B.Sc.(Special) (Business Administration) program was considered as the foundation year and the next three years comprised the degree part I, II, and II. The curriculum of this program is shown in Table 5.5. Accounting had been included in all four years of this program to cover a wide range of topics in financial accounting, costing, auditing, taxation and management accounting.
Table 5.5  
Curriculum of the B.Sc. (Business Administration) (Special) program

<table>
<thead>
<tr>
<th>First Year -The Foundation</th>
<th>Degree Part III</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accountancy I</td>
<td>Development Economics</td>
</tr>
<tr>
<td>Economics I</td>
<td>Accountancy IV (Financial Management,</td>
</tr>
<tr>
<td>Industrial Sociology &amp; Psychology</td>
<td>Management Accountancy &amp; Taxation)</td>
</tr>
<tr>
<td>Mathematical Foundation</td>
<td>Industrial &amp; Commercial Law</td>
</tr>
<tr>
<td>Political Science</td>
<td>Introduction to Production and Materials</td>
</tr>
<tr>
<td>English (proficiency)</td>
<td>Management</td>
</tr>
<tr>
<td></td>
<td>Business Administration and Policy</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Degree Part I</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Theory (Price and Distribution Theories)</td>
</tr>
<tr>
<td>Principles of Management &amp; Organisation Theory</td>
</tr>
<tr>
<td>Accountancy II (Company &amp; Miscellaneous Accounts)</td>
</tr>
<tr>
<td>Mathematics and Statistics</td>
</tr>
<tr>
<td>Legal Environment</td>
</tr>
<tr>
<td>Economic Analysis &amp; Monetary Economics</td>
</tr>
<tr>
<td>English (Proficiency)</td>
</tr>
<tr>
<td>One of the following Subjects</td>
</tr>
<tr>
<td>Management of Public Enterprises</td>
</tr>
<tr>
<td>Estate &amp; Farm Management</td>
</tr>
<tr>
<td>Insurance Management</td>
</tr>
<tr>
<td>Transport Management</td>
</tr>
<tr>
<td>Wage and Salary Administration</td>
</tr>
<tr>
<td>Tourism and Hotel Management</td>
</tr>
<tr>
<td>Project formulation and Evaluation</td>
</tr>
<tr>
<td>Internship report (Project analysis)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Degree Part II</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel Management &amp; Industrial Relations</td>
</tr>
<tr>
<td>Accountancy III (Auditing and Costing)</td>
</tr>
<tr>
<td>Statistical Analysis</td>
</tr>
<tr>
<td>Constitutional &amp; Administrative Law</td>
</tr>
<tr>
<td>Marketing Management</td>
</tr>
<tr>
<td>English (Proficiency)</td>
</tr>
<tr>
<td>One of the following</td>
</tr>
<tr>
<td>Theory and Practice of Insurance</td>
</tr>
<tr>
<td>Theory and Practice of Transport</td>
</tr>
<tr>
<td>Industrial Law and Labour Relations</td>
</tr>
<tr>
<td>Project report</td>
</tr>
<tr>
<td>Source: Faculty of Management Studies and Commerce, University of Sri Jayewardenepura, Bulletin 1979-80</td>
</tr>
</tbody>
</table>

The Department of Management Studies was re-organised in 1980 as two separate departments: one for Business Administration and the other for Public Administration. (USJ, Faculty of Management Studies and Commerce Handbook, 1983). Since the beginning of the academic year 1982-83 the undergraduate programs of the Faculty of Management Studies and Commerce have been re-designed to comprise four annual examinations known as Part I, II, III and IV of the degree examination. Subsequently, the B.Sc. (Business Administration) (Special) degree program was revised. As shown
in Table 5.6, the revised curriculum included Financial Accountancy in Part I to cover all the basic financial accounting elements. Management Accountancy and Financial Accountancy were included in Parts II and III respectively. In Part IV, there were elective courses in Auditing, Taxation and Accounting for Inflation. In 1990, a minor revision was introduced in the above program to include Operations Research and Management Information Systems. Banking Theory and Practice was also added as an elective subject in the final year.

One important requirement of this degree program was the preparation and submission of an internship report in its final year. All students were expected to undertake adequate field research on a selected management aspect of an organisation. A group of faculty members conducted seminars on research design and methodology to prepare students for this project before they could begin their field work. Each student was supervised by a faculty member during the internship period. Because of these attractive features, the student enrolments in the Business Administration program have increased significantly in the recent past.
Table 5.6
Curriculum of the B.Sc. (Business Administration) (Special) degree program

<table>
<thead>
<tr>
<th>First Year - Degree Part I</th>
<th>Third Year - Degree Part III</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management Process</td>
<td>Personnel Management &amp; Industrial Relations</td>
</tr>
<tr>
<td>(a) Organisation Theory &amp; Principles of Management</td>
<td></td>
</tr>
<tr>
<td>(b) Office Systems</td>
<td>Financial Management</td>
</tr>
<tr>
<td>Industrial Development &amp; Resources</td>
<td></td>
</tr>
<tr>
<td>(a) Industrial and Commercial History</td>
<td></td>
</tr>
<tr>
<td>(b) Natural and Industrial Resources</td>
<td></td>
</tr>
<tr>
<td>Principles of Economics- Micro Economics</td>
<td></td>
</tr>
<tr>
<td>Financial Accountancy</td>
<td>Industrial and Managerial Economics</td>
</tr>
<tr>
<td>Quantitative Techniques I</td>
<td>Operations Research &amp; Management</td>
</tr>
<tr>
<td>Mathematical Foundation</td>
<td>Information Systems</td>
</tr>
<tr>
<td>Basic Statistics</td>
<td>Industrial and Commercial Law</td>
</tr>
<tr>
<td>Political Science</td>
<td>English Proficiency</td>
</tr>
<tr>
<td>English Proficiency I</td>
<td>Sinhala</td>
</tr>
<tr>
<td>Sinhala</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Second Year- Degree Part II</th>
<th>Fourth Year - Degree Part IV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organisational Behaviour</td>
<td>Production and Materials Management</td>
</tr>
<tr>
<td>(a) Industrial Psychology</td>
<td>Business Policy and Administration</td>
</tr>
<tr>
<td>(b) Industrial Sociology</td>
<td>Development Economics and Policies</td>
</tr>
<tr>
<td>Marketing Management</td>
<td>(a) Development Economics</td>
</tr>
<tr>
<td>Economic Analysis- Macro Economics</td>
<td>(b) National Development Policies</td>
</tr>
<tr>
<td>Management Accountancy</td>
<td>Two of the Following electives</td>
</tr>
<tr>
<td>Quantitative Techniques II</td>
<td>Practical Study</td>
</tr>
<tr>
<td>(a) Business Mathematics</td>
<td>(a) Seminar on Methodology</td>
</tr>
<tr>
<td>(b) Statistical Methods</td>
<td>(b) Practical Study Report</td>
</tr>
<tr>
<td>Law and Logic</td>
<td>Agri- Business Management</td>
</tr>
<tr>
<td>(a).Legal Environment</td>
<td>Small Business management</td>
</tr>
<tr>
<td>(b).Logic</td>
<td>Cooperative Enterprise Management</td>
</tr>
<tr>
<td>English Proficiency II</td>
<td>Project formulation and Evaluation</td>
</tr>
<tr>
<td>Sinhala</td>
<td>Insurance Management</td>
</tr>
<tr>
<td></td>
<td>Transport Management</td>
</tr>
<tr>
<td></td>
<td>Supplies and Stores\ Management</td>
</tr>
<tr>
<td></td>
<td>Marketing Research , Advertising and Sales</td>
</tr>
<tr>
<td></td>
<td>Management</td>
</tr>
<tr>
<td></td>
<td>Labour Relations &amp; Labour Law</td>
</tr>
<tr>
<td></td>
<td>Wage and Salary administration</td>
</tr>
<tr>
<td></td>
<td>Auditing</td>
</tr>
<tr>
<td></td>
<td>Taxation</td>
</tr>
<tr>
<td></td>
<td>Accounting for inflation</td>
</tr>
<tr>
<td></td>
<td>Company law and Secretarial Practice.</td>
</tr>
</tbody>
</table>

Source: Hand Book, Faculty of Management Studies and Commerce, University of Sri Jayewardenepura, Sri Lanka. 1983

The other important degree program offered by the Faculty of Management Studies and Commerce of this university is the one leading to the award of the Bachelor of
Commerce (B.Com) special degree. It has been conducted by the Department of Commerce which was set in 1973 under the university reorganisation scheme of 1972. The department commenced this four-year program of studies for internal students in Sinhala, Tamil and English media at the beginning of the same academic year. Two salient features of this degree program were its accounting orientation and the independent study project. Under the independent study project, each student was expected to be engaged in an independent project relevant to his/her field of study and submit a report. This independent study report could be of either theoretical in nature or one based on the investigation of an industrial/commercial problem. Therefore, it was regarded as a miniature research study. As shown in Table 5.7, five accounting courses are offered on a progression basis during the four years of study. In the first year, Accountancy I covers the basic concepts and techniques of financial accounting. In the second year, the concentration of Accountancy II is on accounting for companies. The two accountancy courses offered in the third year are on Cost Accountancy, Advanced Financial Accountancy, Auditing and Taxation. In the final year, Accountancy V covers the important aspects of Financial Management and Management Accountancy. Accordingly, the objective of this degree program seems to direct undergraduates more towards a career in accounting.

The registration of external students for the above degree was also started in 1975 by the External Examination Agency of the University of Sri Lanka. However, this facility was not available to the other universities, which conducted Bachelor of Commerce programs for internal students.
### Table 5.7

#### Curriculum of the Bachelor of Commerce degree program

<table>
<thead>
<tr>
<th>First Year: First Examination</th>
<th>Third Year: Final Examination - Part II</th>
</tr>
</thead>
<tbody>
<tr>
<td>Structure of Commerce and Industry</td>
<td>Economics III (National Income, employment &amp; Public Finance)</td>
</tr>
<tr>
<td>Accountancy I</td>
<td>Legal Environment of Business II</td>
</tr>
<tr>
<td>Economics I</td>
<td>Quantitative Methods II</td>
</tr>
<tr>
<td>Part I - Principles of Economics</td>
<td>Part I - Business Mathematics II</td>
</tr>
<tr>
<td>Part II - Economic History</td>
<td>Part II - Business Statistics</td>
</tr>
<tr>
<td>Mathematical Foundation</td>
<td>Organisational Behaviour and Personnel Management</td>
</tr>
<tr>
<td>Environmental Study</td>
<td>Accountancy III</td>
</tr>
<tr>
<td>Part I - Geographical Environment</td>
<td>Part I - Cost Accountancy</td>
</tr>
<tr>
<td>Part II - Political Environment</td>
<td>Part II - Advanced Financial Accountancy</td>
</tr>
<tr>
<td>Part III - Cultural Environment</td>
<td>Accountancy IV</td>
</tr>
<tr>
<td>English (proficiency)</td>
<td>Part I - Taxation</td>
</tr>
<tr>
<td></td>
<td>Part II - Auditing</td>
</tr>
<tr>
<td></td>
<td>English proficiency</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Second Year: Final Examination - Part I</th>
<th>Fourth Year: Final Examination - Part III</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economics II</td>
<td>Economic IV (Economic Development and Sri Lanka's Economy)</td>
</tr>
<tr>
<td>Part I - Economic Theory</td>
<td>Production and Materials Management</td>
</tr>
<tr>
<td>Part II - Monetary Economics</td>
<td>Marketing and Transport</td>
</tr>
<tr>
<td>Legal Environment of Business I</td>
<td>Accountancy V (Financial Management &amp; Management accountancy)</td>
</tr>
<tr>
<td>Quantitative Methods I</td>
<td>An Independent Study Report</td>
</tr>
<tr>
<td>Part I - Business Mathematics I</td>
<td><strong>And one of the following electives</strong></td>
</tr>
<tr>
<td>Part II - Statistics</td>
<td>Theory and practice of Insurance</td>
</tr>
<tr>
<td>Principles of Management</td>
<td>Theory and Practice of Banking</td>
</tr>
<tr>
<td>Office Systems and Organisation</td>
<td>Theory and Practice of Co-operation</td>
</tr>
<tr>
<td>Accountancy II</td>
<td>Data Processing</td>
</tr>
<tr>
<td>English (proficiency)</td>
<td></td>
</tr>
</tbody>
</table>

Source: Bulletin, Faculty of Management Studies and Commerce., University of Sri Jayewardenepura, Sri Lanka, 1979-80

The curriculum of the B.Com degree program was revised in 1983 with the intention of making it more relevant to the needs of graduands. Accordingly, Structure of Commerce and Industry was replaced by Principles of Management in the first year. As an attempt to provide a broad base education through this program a new course dealing with non-commerce topics such as Political Environment, Economic History, Comparative Religions and Culture was introduced under the title of Society and Environment. Similar revisions were made in the course on Marketing and Transport.
Moreover, in order to expose commerce graduands to the global aspects of business, a course on Foreign Trade and Finance was also introduced in the final year. However, no major change was made in accountancy courses other than the updating of topics where necessary. The revised curriculum is shown in Table 5.8.

Table 5.8
Revised curriculum of the B Com degree program

<table>
<thead>
<tr>
<th>First Year - Degree Part I</th>
<th>Third Year : Degree Part III</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accountancy - Financial Accountancy</td>
<td>Economics III - Monetary Economics</td>
</tr>
<tr>
<td>Economics I - Micro Economics</td>
<td>Accountancy III - Auditing and Taxation</td>
</tr>
<tr>
<td>Mathematics</td>
<td>Accountancy IV - Cost Accountancy</td>
</tr>
<tr>
<td>Society and Environment I</td>
<td>Organisational Behaviour &amp; Personnel</td>
</tr>
<tr>
<td>(a) Commercial Geography</td>
<td>Management</td>
</tr>
<tr>
<td>(b) Political Environment</td>
<td>Business Mathematics and Statistics II</td>
</tr>
<tr>
<td>(c) Economic History</td>
<td>Marketing</td>
</tr>
<tr>
<td>(d) Comparative Religions</td>
<td>English proficiency</td>
</tr>
<tr>
<td>Principles of Management</td>
<td>Sinhala</td>
</tr>
<tr>
<td>Commercial Law</td>
<td></td>
</tr>
<tr>
<td>English Proficiency</td>
<td></td>
</tr>
<tr>
<td>Sinhala</td>
<td></td>
</tr>
<tr>
<td>Second Year : Degree Part II</td>
<td>Fourth Year - Degree Part IV</td>
</tr>
<tr>
<td>Economics II - Micro Economics</td>
<td>Economic IV - Development Economics</td>
</tr>
<tr>
<td>Accountancy II-Advanced Financial</td>
<td>Accountancy V - Management Accountancy</td>
</tr>
<tr>
<td>Accountancy</td>
<td>Practice of Banking</td>
</tr>
<tr>
<td>Industrial Law and Labour Relations</td>
<td>Production and Materials Management</td>
</tr>
<tr>
<td>Mathematics and Statistics -I</td>
<td>Foreign Trade and Finance</td>
</tr>
<tr>
<td>Society and Environment II</td>
<td>Independent Study</td>
</tr>
<tr>
<td>(a) Sociology</td>
<td>OR</td>
</tr>
<tr>
<td>(b) Industrial Psychology</td>
<td>One of the following electives</td>
</tr>
<tr>
<td>(c) Science and Technology</td>
<td>Practice of Insurance</td>
</tr>
<tr>
<td>(d) Family health</td>
<td>Transport Management</td>
</tr>
<tr>
<td>Office Management</td>
<td>Introduction to research Programs</td>
</tr>
<tr>
<td>English Proficiency</td>
<td>Project Formulation and Evaluation</td>
</tr>
<tr>
<td>Sinhala</td>
<td>Small Business Management</td>
</tr>
<tr>
<td></td>
<td>Business Communication</td>
</tr>
</tbody>
</table>

Source: Hand Book. Faculty of Management Studies and Commerce, University of Sri Jayewardenepura, Sri Lanka -1983

In 1990, the Department of Commerce revised the B.Com curriculum in certain areas of study. For example, the course in Society and Environment I offered in the first year was changed to include Commercial Geography and Political Science. In the second year, Mathematics and Statistics I was enriched and re-named as Business Mathematics. Similarly, Society and Environment II offered in the second year was
revised as Sociology and Industrial Psychology. In the third year, Business Mathematics and Statistics I course was revised as Business Statistics. A new course on Introduction to Computer Programming was introduced in the fourth year. Furthermore, Practice of Banking was revised as Theory and Practice of Banking. The curriculum used during 1990-1994 is shown in Table 5.9.

5.5.2 Postgraduate programs

During 1968-74 the Department of Management Studies conducted two postgraduate programs of study leading to the M.B.A and M.P.A degrees. Unfortunately, these two programs could not be continued due to the severe shortage of adequately qualified staff and the other essential facilities. With the increased strength in the permanent staff and the professional assistance received from a number of foreign countries, the Faculty set up a Division of Postgraduate Studies and re-established the M.B.A and M.P.A programs in 1981. For this purpose, in addition to the local staff, a group of well qualified and experienced professors from several universities in Canada, Belgium and the United States offered their services under three foreign assistance programs (USJ, Faculty of Management Studies and Commerce Handbook, 1983). The Division of Postgraduate Studies was upgraded and re-established as the Post Graduate Institute of Management (PIM) in January 1986. In addition to the PIM, the University of Colombo also offers a Master of Business Administration program. Several accounting courses have also been included in the curricula of postgraduate programs offered by the above institutions.
### Table 5.9

**Revised curriculum of the B Com degree program (1990-1994)**

<table>
<thead>
<tr>
<th>First Year - Degree Part I</th>
<th>Third Year - Degree Part III</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accountancy I - Financial Accountancy</td>
<td>Economics III - Monetary Economics</td>
</tr>
<tr>
<td>Economics I - Micro Economics</td>
<td>Accountancy III - Auditing and Taxation</td>
</tr>
<tr>
<td>Mathematics</td>
<td>Accountancy IV - Cost Accountancy</td>
</tr>
<tr>
<td>Commercial Geography and Political Science</td>
<td>Organisational Behaviour &amp; Personnel</td>
</tr>
<tr>
<td>Part I - Commercial Geography</td>
<td>Management</td>
</tr>
<tr>
<td>Part II - Political Science</td>
<td>Business Statistics</td>
</tr>
<tr>
<td>Principles of Management</td>
<td>Marketing</td>
</tr>
<tr>
<td>Commercial Law</td>
<td></td>
</tr>
<tr>
<td>English Proficiency</td>
<td></td>
</tr>
<tr>
<td>Sinhala</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Second Year - Degree Part II</th>
<th>Fourth Year - Degree Part IV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economics II - Micro Economics</td>
<td>Economic IV - Development Economics</td>
</tr>
<tr>
<td>Accountancy II - Advanced Financial Accountancy</td>
<td>Accountancy V - Management Accountancy</td>
</tr>
<tr>
<td>Industrial Law and Labour Relations</td>
<td>Production and Materials Management</td>
</tr>
<tr>
<td>Business Mathematics</td>
<td>Foreign Trade and Finance</td>
</tr>
<tr>
<td>Sociology and Industrial Psychology</td>
<td>Introduction to Computer Programming</td>
</tr>
<tr>
<td>Part I - Sociology</td>
<td>Independent Study</td>
</tr>
<tr>
<td>Part II - Industrial Psychology</td>
<td>OR</td>
</tr>
<tr>
<td>Office Management</td>
<td>One of the following electives</td>
</tr>
<tr>
<td></td>
<td>Theory and Practice of Insurance</td>
</tr>
<tr>
<td></td>
<td>Transport Management</td>
</tr>
<tr>
<td></td>
<td>Introduction to research Programs</td>
</tr>
<tr>
<td></td>
<td>Project Formulation and Evaluation</td>
</tr>
<tr>
<td></td>
<td>Small Business Management</td>
</tr>
<tr>
<td></td>
<td>Business Communication</td>
</tr>
<tr>
<td></td>
<td>Theory and Practice of Banking</td>
</tr>
</tbody>
</table>


### 5.5.3 B.Sc. (Accountancy and Finance) special degree

B.Sc. (Accountancy and Finance) of the University of Sri Jayewardenepura is the only local accounting degree awarded in Sri Lanka. In 1992, a separate department under the Faculty of Management Studies and Commerce was set up at the University of Sri Jayewardenepura to offer this program of study. Since then, this has been the most popular program of study at the Faculty of Management Studies and Commerce. It has been designed to provide a firm academic and professional foundation in career
development in accounting and financial management. As shown in Table 5.11, its curriculum includes all the necessary ingredients of a comprehensive accounting degree. The first intake of students for this program was 60. They were the students who had obtained the highest aggregates of marks at the GCE (Advanced Level) examination in 1992. As indicated in Table 5.10, the annual intake based on the same competitive criterion increased slightly in the following three years followed by a double intake in 1996-97. The first batch of students in this program graduated in 1996.

Table 5.10
Annual intake of students in the B.Sc. (Accounting and Finance) degree program

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Students</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992-1993</td>
<td>60</td>
</tr>
<tr>
<td>1993-1994</td>
<td>72</td>
</tr>
<tr>
<td>1994-1995</td>
<td>84</td>
</tr>
<tr>
<td>1995-1996</td>
<td>87</td>
</tr>
<tr>
<td>1996-1997</td>
<td>284</td>
</tr>
</tbody>
</table>

Source: Department of Accounting and Finance, University of Sri Jayewardenepura, Sri Lanka

When compared with other degree programs in commerce/management studies offered by various universities in Sri Lanka the B.Sc. (Accounting and Finance) program has been more attractive to both students and employers mainly because of its unique practical training component which provides access to real-world experience in accounting. The curriculum of this program, as shown in Table 5.11, comprises eleven courses in financial accounting and auditing areas with four courses in cost and management accounting. Financial management has also been given an importance place in this curriculum. The next important area is computers and information technology which consists of five courses. Since computers are increasingly used for accounting functions in organisations the emphasis placed on computing courses seems to make this degree program more relevant to the real-world situations. Another
important feature is the inclusion of three courses to cover various aspects of general and strategic management, and marketing. Business mathematics and statistics are also incorporated in this program to provide students the opportunity to learn the analytical techniques necessary for carrying out various accounting functions. Moreover, a significant attention has been paid to develop business communication skills of students throughout the program. During each academic year sixty hours of lectures and thirty hours of tutorials are conducted with occasional workshops and seminars. The practical training scheme is implemented in third and fourth years during which the students have to complete 875 hours of practical training on full-time basis. Lectures and tutorials are conducted in evenings during this period of practical training. Final examinations are held at the end of each academic year.
### Table 5.11

**Curriculum of the B.Sc. (Accounting and Finance) (Special) degree program**

<table>
<thead>
<tr>
<th>First Year</th>
<th>Third year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Financial Accounting</td>
<td>1. Computer Based Accounting</td>
</tr>
<tr>
<td>(a) Financial Accounting I</td>
<td>2. Auditing &amp; Professional Practice</td>
</tr>
<tr>
<td>(b) Financial Accounting II</td>
<td>3. Financial Management</td>
</tr>
<tr>
<td>2. Cost Accounting</td>
<td>4. Corporate Law</td>
</tr>
<tr>
<td>4. Business Mathematics</td>
<td>6. Practical Training (Stage I)</td>
</tr>
<tr>
<td>6. Information Technology and Computer Applications for Business</td>
<td></td>
</tr>
<tr>
<td>(a) Information Technology</td>
<td></td>
</tr>
<tr>
<td>(b) Computer Applications for Business</td>
<td></td>
</tr>
<tr>
<td>7. Business Communication I</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Second Year</th>
<th>Final Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Management Accounting</td>
<td>2. Financial &amp; Investment Analysis</td>
</tr>
<tr>
<td>3. Macro Economics</td>
<td>3. Taxation</td>
</tr>
<tr>
<td>5. Commercial Law</td>
<td>5. Practical Training (Stage II)</td>
</tr>
<tr>
<td>(a) Data Base Management with dBASE III Plus</td>
<td>7. Public Sector Accounting &amp; Finance</td>
</tr>
<tr>
<td>(b) Programming with d Base III Plus</td>
<td>8. Advanced Auditing</td>
</tr>
<tr>
<td>One of the Following Electives:</td>
<td></td>
</tr>
<tr>
<td>1. Issues in Company Financial Reporting</td>
<td></td>
</tr>
<tr>
<td>2. Human Resource Management</td>
<td></td>
</tr>
<tr>
<td>3. Production Management</td>
<td></td>
</tr>
<tr>
<td>4. Systems Analysis &amp; Advanced programming Techniques</td>
<td></td>
</tr>
</tbody>
</table>

Source: Hand Book, Department of Accounting and Finance, USJ, 1992

A comparative analysis of weighting given to various components in three degree programs offered by the Faculty of Management Studies and Commerce at the USJ is presented in Table 5.12. It shows that the B.Sc. (Accounting and Finance) program, on average, devotes approximately 37 percent of its courses coverage to accounting and another 7.4 percent to accounting related practical training which is very unique to this program. Furthermore, 14.8 percent has been allocated to both quantitative and computer studies and general education components. Economics and law represent 7.4
percent of the curriculum. A similar distribution across the same subject groups in undergraduate accounting courses in Australia has been reported by the Matthew's Committee (DEET, 1990). Table 5.12 also shows that the B.Com. degree program devotes an equal percentage (i.e. 20.8 percent) of course coverage to both economics and accounting subjects. This situation is quite similar in commerce degree programs offered by other universities in the country. In these degree programs, lectures are used as the principal mode of instruction. To maintain closer interaction between tutors and students tutorial classes are conducted for small groups of about 15 to 20 students. Weekly tutorial assignments, problems and solutions are discussed in these classes. About 50 to 60 percent of total student contact hours is devoted to lectures and the remaining time is allocated for tutorials. A special attempt is made to develop the students' written and oral communication skills through their written assignments and class presentations. Conceptual understanding of accounting issues and policies is emphasised early in the program while more specialised areas are elaborated in years three and four. Small tutorial groups are also used to develop skills in using accounting software and electronic spreadsheets.
Table 5.12
Undergraduate programs - Faculty of Management Studies and Commerce -
The University of Sri Jayewardenepura

<table>
<thead>
<tr>
<th>Subjects</th>
<th>B.Sc. Acc &amp; Finance</th>
<th>B. Com.</th>
<th>B.Sc. Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>4 14.8</td>
<td>2 8.3</td>
<td>1 4.5</td>
</tr>
<tr>
<td>Economics</td>
<td>2 7.4</td>
<td>5 20.8</td>
<td>4 18.2</td>
</tr>
<tr>
<td>Management</td>
<td>1 3.7</td>
<td>4 16.6</td>
<td>6 27.3</td>
</tr>
<tr>
<td>Quantitative/Statistics/Computer</td>
<td>4 14.8</td>
<td>3 12.5</td>
<td>3 13.6</td>
</tr>
<tr>
<td>Accounting/Finance</td>
<td>10 37.0</td>
<td>5 20.8</td>
<td>3 13.6</td>
</tr>
<tr>
<td>Banking</td>
<td>-</td>
<td>1 4.2</td>
<td>-</td>
</tr>
<tr>
<td>Law (Industrial &amp; Commercial)</td>
<td>2 7.4</td>
<td>2 8.3</td>
<td>2 9.1</td>
</tr>
<tr>
<td>Marketing</td>
<td>1 3.7</td>
<td>1 4.2</td>
<td>1 4.5</td>
</tr>
<tr>
<td>Practical Training</td>
<td>2 7.4</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>COMPULSORY</td>
<td>26 96.3</td>
<td>23 95.8</td>
<td>20 90.8</td>
</tr>
<tr>
<td>ELECTIVE</td>
<td>1 3.7</td>
<td>1 4.2</td>
<td>2 9.2</td>
</tr>
<tr>
<td>TOTAL</td>
<td>27 100.0</td>
<td>24 100.0</td>
<td>22 100.0</td>
</tr>
</tbody>
</table>


5.5.4 University academics in accounting

Although university-level accounting education in Sri Lanka has a history of about thirty years, there is an acute shortage of academic staff with postgraduate qualifications in accounting. Currently, at the University of Sri Jayewardenepura, about 13 academics are involved in teaching in the B.Sc.(Accounting & Finance) program on full-time basis along with a group of 16 part-time lecturers drawn from industry, commerce and other educational institutions. Two of the thirteen full-time academics are fully qualified chartered accountants, who have obtained their professional qualifications from the Institute of Chartered Accountants in Sri Lanka. Two of them also hold Ph.D degrees from USA and Russia. Three others have obtained their master’s degrees from England, Australia and Thailand. Table 5.13 presents a profile of the full-time accounting staff in the University of Sri Jayewardenepura.
Table 5.13
Characteristics of full-time accounting faculty at the Department of Accounting and Finance at USJ

<table>
<thead>
<tr>
<th>Academic Qualifications and Rank</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Academic Qualifications</strong></td>
<td></td>
</tr>
<tr>
<td>Doctorate</td>
<td>2</td>
</tr>
<tr>
<td>Masters</td>
<td>3*</td>
</tr>
<tr>
<td>Bachelors</td>
<td>8</td>
</tr>
<tr>
<td><strong>Rank</strong></td>
<td></td>
</tr>
<tr>
<td>Professor</td>
<td>-</td>
</tr>
<tr>
<td>Associate Professor</td>
<td>-</td>
</tr>
<tr>
<td>Senior Lecturer</td>
<td>4</td>
</tr>
<tr>
<td>Lecturer (Probationary)</td>
<td>9</td>
</tr>
</tbody>
</table>

Note: * Two staff members are qualified as chartered accountants
Source: Department of Accounting and Finance (USJ). 1996

In the context of work loads of accounting academics, it is seen that a junior lecturer is usually engaged in 12 to 14 hours of contact time of teaching per week while a senior lecturer’s time ranges from 8 to 10 contact hours. It is evident from the above information the University of Sri Jayewardenepura has achieved a very significant progress in the area of accounting education within a short period of time. However, accounting education at the university level in Sri Lanka would have made a much greater progress by now, if the university system took steps much earlier to establish accounting departments and accounting degree programs not only in the above university but also in several other universities. The major reason for this delay and reluctance of the university authorities to set up accounting departments and degree programs in Sri Lanka was the non-acceptance of a university accounting degree by ICASL for professional recognition. Furthermore, since most of the senior members of the accounting profession in Sri Lanka were non-graduates, they may have seen the admission of graduates to the profession as a threat to their status quo. It is important
to note that in most developed and fast developing nations, universities play the major role in producing accountants who can contribute effectively to the nation's development process. For example, Korea established its first university department for accounting in 1978. By the end of 1989, it established similar departments and accounting degree programs in 50 universities with a total enrolment of nearly 15,000 accounting students (Min, Song and Kim, 1993). Similarly, in China many universities have accounting departments offering degree programs at both undergraduate and postgraduate levels (Lin, and Deng, 1992). In contrast, the Sri Lankan university system still has only one accounting department with less than 400 students for the whole country (Wijewardena and Yapa, 1998).

5.6 SUMMARY
This chapter attempted to present a detailed analysis of the nature of university accounting education in Sri Lanka. It shows that although university education in the country was started in 1921 accounting was not recognised as a suitable subject for a degree program for nearly forty years of its existence. However, in response to the recommendations of the government and the increased demand for commerce and management graduates in the country, both the Vidyodaya University of Ceylon and the University of Ceylon (Peradeniya) started a number of degree programs in business administration, public administration and commerce in early 1960. Inclusion of a considerable number of accounting subjects in these programs was the beginning of university accounting education in Sri Lanka. Subsequently, similar programs with an accounting component were extended to several other universities in the country. Furthermore, these programs have been revised and updated from time to time to make them more relevant to the needs of students and employers. However, a comprehensive
accounting degree program under the title of B.Sc. (Accounting and Finance) was started only in 1992 at the University of Sri Jayewardenepura. The principal reason for this undue delay in starting an accounting degree program in the university system is the non-recognition of university accounting degrees for membership in the ICASL. In this regard, it is important to note that accounting degrees accredited by the professional accounting body have been accepted for provisional membership in many developed and developing countries for a long time. However, even though the B.Sc. (Accounting and Finance) is a high quality degree comparable with accredited accounting degrees of many other countries it is not still recognised as a qualification for such a membership in the ICASL.
CHAPTER SIX

REVIEW OF ACCOUNTING EDUCATION DEVELOPMENTS IN A FEW OTHER COUNTRIES WITH SIMILAR COLONIAL BACKGROUND

INTRODUCTION

Almost all developing countries that were British colonies for a considerable length of time inherited the British accounting education system (Briston, 1978; Hove, 1986). During the early years of the colonial period, most of the sizable businesses in these countries were set up by British investors. The managerial personnel, including accountants, for these enterprises were generally brought from the UK. At that time a person could obtain the professional status of accountant only by admission to one of the British professional accounting bodies. Only the small number of local people who could bear the cost of education and training abroad proceeded to England to obtain professional qualifications. Meanwhile, some British accounting bodies set up examination centres in a few major cities in developing countries allowing local people to obtain British professional accounting qualifications while working in their own countries (Johnson and Caygill, 1971). Consequently, a considerable number of local accounting students fulfilled the examination and practical training requirements of these professional bodies and became British qualified accountants. They occupied dominant positions in the accounting profession in these countries, particularly after gaining independence. Some of them acted as consultants and advisers to their respective governments on accounting related matters.

Many of the above developing countries, even after gaining independence, have continued to follow the same colonial system to produce accountants exclusively through professional accounting bodies (Perera, 1975; Ghartey, 1978; Briston, 1978;
Wallace, 1990). Although local professional bodies were set up in these countries they operated almost like a carbon copy of the Institute of Chartered Accountants of England and Wales. They had education, examination and training structures similar to those of their British counterparts (Briston, 1978). Accordingly, the accounting education systems followed in these countries have not been appropriate and adequate to produce competent accountants sufficiently for meeting their economic development needs mainly because of the cultural, social, economic, and political differences between these nations and the United Kingdom (Jensen and Arrington, 1983; Abdeen and Yavas, 1985; Hove, 1986; Wallace, 1990; Gray et al, 1994).

However, several countries, which were previously under British rule, have moved away from the colonial system of accounting education by making use of their universities and technical colleges to produce competent accountants in sufficient numbers for their economies (Osiegbu, 1987; Moore and MacGregor, 1992; Tan et al, 1994; Linn, 1996). Singapore, Malaysia and New Zealand have been identified as three of these countries which were quite similar to Sri Lanka in terms of colonial background and economic conditions at the initial stage of their educational development. Therefore, it seems relevant and important for this study to make a brief review of the development of accounting education in these three countries to see whether Sri Lanka can learn from their experiences. This chapter is an attempt in that direction.

6.1 ACCOUNTING EDUCATION IN SINGAPORE

Historically, except for the brief Japanese occupation in the 1940s, Singapore had been colonised by the British until 1959. Consequently, its general education from primary to university level was inherited from the British education system and accounting education was no exception. The British system of accounting education was imposed
on Singapore during the colonial period in a number of ways: (1) the export of British accounting personnel to Singapore; (2) the export of British accounting qualifications; (3) the establishment of British professional accounting bodies' examination centers in Singapore (e.g., in 1935 the Association of Certified and Corporate Accountants (ACCA) established an examination center in Singapore); (4) the involvement of British experts in the planning, directing, organising, teaching and providing assistance in the development of academic institutions in Singapore; and (5) the British influence upon the business, education, and administrative environments in the early days of Singapore (Foo, 1988).

Prior to 1956, Singapore did not have a program of studies leading to a local qualification in accounting. A foreign professional accounting qualification was the only avenue through which a person could expect an accounting job, particularly a job in the public sector. The only accounting qualifications available were to be obtained through examinations conducted by overseas professional accounting bodies, such as the Association of Certified Corporate Accountants of the United Kingdom (ACCA), the Institute of Cost and Works Accountants of the United Kingdom (ICWA) and the Australian Society of Accountants (ASA).

The first local accounting program leading to a Bachelor of Commerce with specialisation in accounting was launched by the Nanyang University in 1956. In the following year, the Department of Commerce at the Singapore Polytechnic was established to offer, among other courses, a full-time course leading to the College Diploma in Accounting (Fong and Foo, 1992). In 1958, the Department of Commerce at the Singapore Polytechnic was replaced by the Department of Accountancy with the objective of offering both full-time and part time courses leading to a Professional Diploma in Accounting (Tan et al, 1994). Soon after gaining political independence,
the authorities of Singapore realised the importance of producing accountants through their educational institutions without depending on foreign accounting bodies and what was perceived to be outdated education systems. Consequently, the professional accounting diploma awarded by the Singapore Polytechnic was recognised in 1963 as an adequate qualification for admission to provisional membership of the Singapore Society of Accountants (SSA). The SSA was the local professional accounting body established by the government for the purpose of registering professional accountants and regulating the accounting practice in Singapore. During the 1965-66 academic year, the Department of Accountancy at the Singapore Polytechnic was renamed the School of Accountancy and the accountancy program was upgraded from a diploma to a university degree signifying the transformation of the polytechnic to a university college. As a result of negotiations between the college and the university of Singapore, the latter agreed to award its accounting degree to students of the Singapore Polytechnic. In 1969, the amalgamation of the School of Accountancy with the Department of Business Administration of the University of Singapore represented another milestone in the historical development of an independent accounting education system in Singapore (Sunday Times, 1968). At the time of the merger, the school of Accountancy was relocated to the University of Singapore campus. As a further development in 1971, the Bachelor of Commerce (Accountancy) program offered by Nanyang University since 1956 also received its professional recognition, subject to practical training, from the Singapore Society of Accountants. In 1978, joint courses in accounting were introduced by the Nanyang University and the University of Singapore. The two schools of accountancy merged in 1980 to form the School of Accountancy at the National University of Singapore.
After the reorganisation of the Singaporean university system through the formation of the National University of Singapore and the Nanyang Technological Institute, the country's accounting education system achieved its highest growth rate. The School of Accountancy of the National University of Singapore was physically relocated at the Nanyang Technological Institute in 1987 and the School of Accountancy was renamed the School of Accountancy and Business in 1990. In 1991, the Nanyang Technological Institute became a full-fledged university and is now named the Nanyang Technological University (NTU). The School of Accountancy and Business of this university has gained a reputation today as the leading centre for undergraduate and postgraduate accounting education in Southeast Asia. The Bachelor of Accounting degree awarded by the Nanyang Technological University is based on a 3-year full-time program of study. In addition to its Bachelor of Accountancy degree program, it also offers a professional postgraduate program leading to a Master of Business Administration in Accounting. Both these accounting degrees are recognised by the Institute of Certified Public Accountants of Singapore (ICPAS) for admission to its membership, subject to completing a pre-admission course of ethics and professional practice, and fulfilling a structured practical experience requirement. The purpose of the pre-admission course is to enable accounting graduates to be acquainted with the professional standards and responsibilities expected of accountants. Similarly, structured training is considered as the experience acquired in a public accountant's office under the supervision of an approved principal, in an organisation in the public sector, or in commerce or industry organised by the Council of ICPAS (Teoh and Ng, 1997).

The Bachelor of Accountancy program of NTU, at its various stages of development, has produced nearly 10,000 accounting graduates. By the end of 1992,
7442 of these graduates had become professional accountants by obtaining the ICPAS membership. In addition to the undergraduate degree, the School of Accountancy and Business at NTU also offers two postgraduate research degrees leading to the Master of Accountancy (M.Acc) and the Doctor of Philosophy (Ph.D.) in Accounting (Wee, 1994).

Through the above system of university-level education, Singapore has been able to produce high-quality accountants locally in sufficient numbers to support their expanding economy (Tan, et al, 1994). This view is further supported by the following finding of a recent survey conducted by Teo and Low:

"92% of the employers strongly and reasonably agreed that the university education received by accounting graduates had facilitated the process of training these accountants......83% of employers strongly and reasonably agreed that the university accounting education was appropriate for the job......86% of the employers agreed that the university accounting education was adequate" (1993, p. 24).

In Singapore, only the practical training and continuing professional development activities are handled by the professional accounting bodies. The three-year Bachelor of Accounting degree awarded by the university is accepted by the professional accounting body as an adequate qualification for professional recognition without further examination, subject to practical experience. Accordingly, university accounting education has enabled the Singaporean professional accounting body (ICAPS) to increase its membership from 344 in 1964 to 7444 in 1992 and concentrate more effectively on the professional development of accountants in the country (Tan, et al, 1994).

Since its inception, the Singapore professional accounting body, (initially as the Singapore Society of Accountants (SSA) in 1963 and later as the Institute of Certified Public Accountants of Singapore (ICPAS) in 1987), has maintained a close relationship
with the university's School of Accountancy. This liaison is evidenced by the fact that
the Institute was consulted at each stage of the transition of the school from the
Singapore Polytechnic to the present Nanyang Technological University. A
representative of the School of Accountancy and Business is appointed by the Minister
of Finance as a statutory member of the Council of the ICPAS. Through various
committees, the School of Accountancy and Business also maintains close rapport with
the professional accounting body, business community and other professional
organisations to ensure the continuing relevance of its degree programs (Tan et al,
1994).

In Singapore, students who obtain high marks at the GCE (advanced level)
examination and aspire to pursue an accounting career can enter the accounting
profession through a university degree program. This opportunity for accounting
students to advance to professional status through formal education has enabled the
professional accounting body in Singapore to admit academically superior and
competent accountants to the profession in relatively large numbers.

Although Singapore was economically inferior to Sri Lanka during the early
years of post-independence it achieved a remarkably higher economic development in
recent decades and has emerged as a newly industrialised country (NIC). In 1997,
Singapore recorded a per capita income as high as 30,500 US dollars, being second only
to Japan in the entire Asian region (Asia Week, 1998). It has also been revealed that
Singapore's accounting education and practice has been a significant contributor to its
miraculous economic achievements (Wijewardena and Yapa, 1998).

6.2 ACCOUNTING EDUCATION IN NEW ZEALAND

New Zealand is a small country of about three and a half million people who depend
largely on agriculture. Between 1840 and 1947 New Zealand was a British colony.
However, it was not until as late as 1973 that remaining doubts of its colonial status were removed (New Zealand Official Year Book, 1985). Even today the monarch is the British monarch and appeals from the Court of Appeal in New Zealand are to the Privy Council in the United Kingdom. Thus, New Zealand's legal framework and professional arrangements as well as education have been strongly influenced by the British.

At the initial stage of its development, accounting education in New Zealand was based on the British model. Following this model, the first professional accountancy body, the Incorporated Institute of Accountants of New Zealand (IIANZ) was set up in May 1894. Within three months of its existence, the institute had admitted 101 members, and later decided that no unexamined members would be admitted after 1896. However, some of the potential members who disagreed with this decision of the IIANZ set up another professional body under the title of the Accountants and Auditors Association in Auckland in 1898. Later, the New Zealand Society of Accountants (NZSA) was established in 1908 with a total of 2,116 foundation members. At that time, the total population of the country was not more than one million (Graham, 1960). Again in 1958, the original act was replaced by the New Zealand Society of Accountants Act 1958. After reorganising the Society in 1993, it was renamed as the Institute of Chartered Accountants of New Zealand (ICANZ). By the end of 1997, the membership had increased to 25,459 consisting of 3,408 provisional members, 5,172 associate chartered accountants, 16,083 chartered accountants and 796 accounting technicians (ICANZ, 1997).

Throughout the history, universities have been the major educating body for the accounting profession in New Zealand. Consequently, in seeking to protect its own interests, the profession has substantially influenced the development of university accounting education programs with respect to the level and variety of courses offered.
With the creation of NZSA in 1908 and their subsequent part-sponsorship of accounting education, the prescription for the degree was changed and revised to enable the professional program to be incorporated. In 1912, the Society gave funds to four universities to establish lectureships in accounting. The Report of the Society's President in 1950 states that;

' for nearly 40 years the society's exams have been conducted by the University and the close co-operation between the Society and the University is highly valued by the Council, partly because it goes far to encourage members and students to take the B.Com degree' (Gaffkin, 1981:28).

Accordingly, the university degree in accounting is highly recognised by the professional accounting body in New Zealand. Hence, university degree programs are monitored and accredited by the NZSA. Currently, all seven universities in New Zealand offer accredited accounting degrees. While the University of Auckland, the University of Canterbury, Lincoln University College, Massey University, and the University of Otago offer three-year degree programs Victoria University and the University of Waikato offer four-year degrees in accounting. The accounting degree followed by a three-year practical experience is a requirement for a student to seek admission to associate membership of the NZSA.

Although there were two attempts in 1967 and 1971 to make the profession graduate-only entry, the NZSA rejected this option. Accordingly, a new alternative to degree entry was created. Under this alternative, a student could study for the National Certificate of Business Studies (NCB) offered by a polytechnic. The NCB was based on two years of full-time study in a polytechnic. To qualify for membership through this alternative, a student was required to have further two years of full-time study leading to the Diploma in Accountancy. This Diploma was offered by some universities and selected polytechnics. Monitoring of this arrangement was undertaken by the NZSA.
Students who chose either the degree or the diploma option were required to sit a Final Qualifying Examination (FQE) administered by the NZSA. This consisted of a one-paper examination concerned with professional topics such as ethics and accounting standards (Moores and MacGregor, 1992). All these arrangements indicate that New Zealand has been fully utilising its available resources, institutions and structures through proper credit-transfers and accreditation arrangements to enhance the development of accounting education in the country.

During the last five years some important changes have taken place in the New Zealand accounting profession and the accounting education and training system. Up to 1993, there were two ways to achieve membership of the NZSA. The first and the most popular way was by gaining a university degree majoring in accounting. The second was by taking the professional examinations set by the NZSA. Latter is mainly for the students who were studying in polytechnic institutions. However, the popularity of this system declined to the extent that by 1983 about 77 percent of new members were graduates (Moores and MacGregor, 1992). In 1993, the NZSA in its 'Blueprint for the Future' document (NZSA, 1993) accepted the recommendations of the Wheeler Campbell Report (Wheeler Campbell Report, 1993) subject to certain minor changes. Accordingly, the name of the association was changed to the Institute of Chartered Accountants of New Zealand (ICANZ). Eventually three divisions (colleges) have been established in the Institute; namely, College of Chartered Accountants (with the designation of C.A), College of Associate Chartered Accountants (with the designation of A.C.A), College of Accounting Technicians (with the designation of A.T). With this new arrangement, the entry requirements for membership have changed as shown in the Figure 6.1. New members intending admission to the college of accounting technicians are required to complete a two-year academic program leading to a recognised diploma
(National Certificate of Business Studies) and one-year work experience with a mentor. Members intending admission to the ACA college are required to complete a four-year academic program leading to a recognised degree in a university or polytechnic consisting of 35-40% business related courses, 20-30% liberal courses and 35-40% accounting courses. On graduation they are required to complete one-year general practical experience with or without a mentor and sit for a Professional Competence Examination I (PCE I) at the end of the period. On passing the examination, they have to get a further two years specified practical experience with a mentor prior to admission to the ACA college. Members intending admission to the CA college have to go through the same requirement scheme except that the two-year specified practical experience has to be with a mentor in an Approved Training Organisation (ATO) at the end of which the candidate is required to complete a course of study at a Professional Accounting School and pass the Professional Competence Examination II (PCE II). However, while making no new requirements on existing members intending to retain the present 'ACA' designation, those members intending to subscribe to the new 'CA' designation are required to complete 40 hours of professional development a year (Sivakumar Velayutham and Perera, 1996).
Figure 6.1
New Admission Policy of the NZSA

An analysis of the accounting programs according to university calendars in New Zealand indicates that institutions offer first, second and third-year courses in financial accounting and management accounting. Moreover, courses are also offered in business law, economics, taxation, auditing, computing and statistics. The flexibility in the choice of subjects available to students who wish to major in accounting and to obtain full cross-credit for membership of the NZSA varies widely between universities. At the University of Otago, for example, the amount of free choice of subjects available to students is only 6 per cent of the total degree whereas at the University of Auckland it is of the order of 25 percent. This is because the University of Otago program is structured as eight multi-paper/subject units whereas the University of Auckland degree is based on a larger number of smaller, stand alone papers (subjects). When comparing the 1978 university calendars with those of recent years, it is apparent that currently students have a much wider choice of courses within an accounting major and also more ready access to subjects in other disciplines. There has also been a considerable growth in honours and postgraduate courses in accounting over this decade. Given that each university has a different degree structure, it is difficult to generalise but a typical accounting major may do the courses shown in Table 6.1 in a three-year full-time degree program (Gaffikin, 1981; Moores and MacGregor, 1992).

Table 6.1
The subjects in a typical accounting degree program in New Zealand

<table>
<thead>
<tr>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Accounting</td>
<td>Financial Accounting</td>
<td>Financial Accounting</td>
</tr>
<tr>
<td>Management Accounting</td>
<td>Management Accounting</td>
<td>Management Accounting</td>
</tr>
<tr>
<td>Business Finance</td>
<td>Business Finance</td>
<td>Business Finance</td>
</tr>
<tr>
<td>Economics</td>
<td>Business Law 1</td>
<td>International Accounting</td>
</tr>
<tr>
<td>Management</td>
<td>Marketing</td>
<td>Taxation</td>
</tr>
<tr>
<td>Computing</td>
<td>Business Law 2</td>
<td>Auditing 1</td>
</tr>
<tr>
<td>Statistics</td>
<td>Business Law 3</td>
<td>Auditing 2</td>
</tr>
</tbody>
</table>

Among the growth or new areas are public sector accounting, international accounting, accounting information systems, accounting history, and behavioural accounting. Increasingly at the honours and postgraduate levels, there is an emphasis on formally teaching of research methods. Moreover, New Zealand accounting programs are now placing more emphasis on conceptual aspects of accounting rather than mere technical competence. Accordingly, these programs emphasise the development of conceptual understanding, critical thinking, and communication skills, which in turn foster the life-long learning (Moores and MacGregor, 1992; Walker and McClelland, 1994).

6.3 ACCOUNTING EDUCATION IN MALAYSIA

Malaysia is a country with 18 million people. It is populated by Malays, Chinese and Indians. The federated Malay States were developed under the colonial rule as the source of rubber and tin for the Western world. These two industries, based on the natural resources of the country, were the major focus of economic activity and foreign exchange earning for many years. In recent years, Malaysia has diversified its economy to provide economic stability, and employment for its growing population. This diversification has been very successful. The present economy is largely based on rubber, tin and palm oil with a lesser degree of reliance on forest products and secondary manufacturing. Malaysia has a history of highly developed international trade institutions and strong social, government, and commercial systems. The successful diversification strategy and increased government information requirement has led to dramatic increase in the demand for accountants from government, public practice, and private industry (Walton, 1986; AAA, 1977).
Both accounting education and practice in Malaysia were inherited from the British during the colonial period. As Sheridan (1961) points out, throughout its history, company law in Malaysia has been geared to its English counterpart. Prior to the Companies Act of 1965, the main companies legislation was the Companies Ordinance of 1940, enacted by the colonial administration. Malaysia's accounting education in its recognisable form existed only after gaining independence in 1958. Prior to this, Malaysians were sent to U.K for British professional accounting qualifications such as ACA and ACCA. Thus, Malaysian accounting education was deeply influenced by the British model. As Johnson and Caygill (1971) reported as early as 1935, the Association of Certified and Corporate Accountants (ACCA) established an examination centre in Kuala Lumpur, Malaysia, allowing local people to obtain British professional accounting qualifications while working in Malaysia. Consequently, a considerable number of local accounting students were able to become British qualified accountants by fulfilling the examination and training requirements of these professional bodies. However, after the independence in 1958, 20 local accountants set up the Malaysian Association of Certified Public Accountants (MACPA). In 1961, the council of the MACPA commenced its local examinations for prospective accountants. In order to assist students who were preparing for these examinations, the MACPA made arrangements with some local higher educational institutions to run formal courses on its behalf from 1960s. These designated colleges were Tunku Abdul Rahman College and the Damansara Utama College which were operating as private colleges in Malaysia. Later, a government institution to conduct courses on behalf of the MACPA was set up under the title of Institut Teknologi MARA (ITM) (Kiam Ooi Soon, 1988). Therefore, much of the accounting training and education were provided through in-house courses conducted by these local
institutions on a systematic basis. In 1967, mainly to regulate the accounting profession and accounting practice in Malaysia, the Accountant's Act of 1967 was passed by the Parliament and eventually the Malaysian Institute of Accountants (MIA) was set up. Until about 1987, as a licensing body the MIA was rather inactive and its functions were mainly to register qualified persons as practising accountants in Malaysia. However, the MIA has not developed and conducted its own examinations for admitting candidates to professional membership. Instead, it has been involved in providing services to members and administering its own by-laws on professional conduct and ethical aspects of accounting practice (MacGregor et al, 1997).

New development in accounting education emerged from the beginning of 1970s. Consequently, the local universities and institutions of higher learning began to set up programs to offer courses leading to a degree or diploma in accounting. Accordingly, accounting programs are now offered by the University of Malaya (UM), University Kebangsan Malaysia (UKM), Universiti Utara Malaysia (UUM), Institut Teknologi MARA (ITM) and Universiti Pertanian Malaysia (UPM). In broad terms, there are no significant differences between the programs offered at the UKM, UUM, UPM and ITM which tend towards a structure emphasising on general education, followed by specialisation in accounting and supported by a fair proportion of contextual subjects (business and economics) and related disciplinary studies. The UM, however, differs only to the extent that its program tends to have a high degree of concentration in accounting studies with lesser emphasis on general education. In all degree programs, the duration of study is four years except for that of the ITM which requires a total of five and a half years. The UKM, UUM, and ITM have a mandatory practical attachment as an integral part of their programs (Kiam, Ooi Soon, 1988). As a result of these developments, university accounting degrees are recognised by both the
MIA and the MACPA for admission to their memberships, subject to approved practical experience (MacGregor et al, 1997).

At present there are two avenues for aspiring accountants to seek education required for admission to membership as a professionally qualified accountant in Malaysia. As mentioned above, universities provide accounting degree programs leading to membership of the Malaysian Institute of Accountants (MIA), subject to approved practical training. The second avenue is by taking examinations conducted by the MACPA. This avenue is generally open to the non-graduates. There are three stages of the MACPA examinations which consist of Foundation Examination and two Professional Examinations under three streams. Under stream one, students may work as articulated clerks and study for the examination at the same time. Those who select stream two, have to qualify through working under the supervision of a member attached to a commercial, industrial or public sector organisation and passing the prescribed examinations. The stream three requires undertaking full-time study prior to practical training. Mainly due to this flexibility in professional accounting education, and the increasing demand for accounting related services, more and more students seem to enrol in accounting courses.

In general terms, universities and other higher educational institutions involved in accounting education in Malaysia are reported to have two basic objectives. The first is to imbue students with knowledge in both accounting and other disciplines and qualities that will maximise the likelihood of success as a mature professional. The second is to prepare them to perform duties expected as accountants at entry level through class room exercises and experience gained from practical attachments. Both the professional body and the institutions of higher learning are jointly working together to achieve these objectives by providing reciprocal services. For example, auditing and
taxation expertise is provided by the professional body to impart knowledge among students in higher education institutions. Therefore, the accounting profession in Malaysia has realised the importance of employing more and more graduates in accounting to the profession for its development (Kiam Ooi Soon, 1988). Apart from this, the MIA also accepts qualified members from overseas accounting bodies. The recognised overseas professional bodies include: Institute of Chartered Accountants in England and Wales, Institute of Chartered Accountants of Scotland, Institute of Chartered Accountants of Ireland, Association of Certified Accountants (United Kingdom), Institute of Chartered Accountants in Australia, Australian Society of Accountants, Canadian Institute of Chartered Accountants, Institute of Chartered Accountants of India and Chartered Institute of Management Accountants (United Kingdom). Therefore, a substantial number of students are enrolled in these professional accounting bodies. Although British professional accounting centres were set up in Malaysia in 1935 and have continued to conduct examinations purely under the British model more recently, a partial adaptation of British professional accounting examinations into Malaysia through formal links has been seen as an attempt to make those examinations appropriate for local conditions. For example, the ACCA has adapted the Commercial Law and Taxation syllabi to suit the Malaysian environment (Johnson and Caygill, 1971: Briston and Kedslie, 1997). As such, over the last decade, the number of qualified accountants needed for supporting the economic development projects in Malaysia has increased substantially.

It is clear from the above discussion that much of the accounting education has been assumed by the universities and other institutions of higher learning in Malaysia. More and more universities seem to offer programs leading to degrees in accounting and these degrees are recognised by the local professional body through a proper
exemption scheme. Admission to foreign universities are expensive but facilities have also been provided for Malaysian students to acquire foreign degrees in accounting through numerous academic link programs with overseas universities. Consequently, Malaysia, with a population of 18 million people, has nearly 11,000 professionally qualified accountants operating in various sectors of the economy (Mac Gregor et al, 1997). This is a considerable achievement for Malaysia when compared with a similar population and only about 2,000 accountants in Sri Lanka.

6.4 SUMMARY

The review of the experiences of New Zealand, Malaysia and Singapore indicated that although they inherited their accounting education systems from the British during their colonial periods. However, within a few years of their independence from colonial rule they have been able to move away from the old British model by utilising their universities for providing education to prospective accountants. Both the university and the professional accounting bodies in these countries have worked together with a common vision to produce competent accountants sufficiently for their economies.
CHAPTER SEVEN
RESEARCH METHODOLOGY

INTRODUCTION

The analysis provided in Chapters 3, 4 and 5 on the nature of accounting education in Sri Lanka was based on the information collected from various sources such as annual reports, university handbooks, committee reports and journal articles. Thus, most of the views embodied in the above analysis tend to be supported by anecdotal, rather than empirical, evidence. Therefore, based on the findings of a systematic empirical investigation, the remainder of this thesis attempts to present a more systematic analysis of the country’s accounting education problems and a set of possible remedial measures. A questionnaire survey and a series of interviews have been used as the principal methods of this investigation.

A description of the procedure followed in designing and conducting the questionnaire survey and interviews and a brief introduction to the statistical techniques used for processing and analysing the survey data are presented in this chapter.

7.1 SOURCES OF INFORMATION AND DATA

The review of the relevant literature, as cited in Chapter 2, provided a great deal of insight into the nature, importance and problems of accounting education in developing countries. This insight coupled with the researcher's own experience and observations as a university academic for fourteen years and a head of department for three years at the University of Sri Jayewardenepura in Sri Lanka was useful in identifying the research questions for this study. In addition, the review of previous studies on accounting education issues in other countries was
particularly beneficial to the researcher in designing the questionnaire survey and interview instruments. During the course of this study, the researcher made three research trips to Sri Lanka and had discussions with several academics, accounting professionals and heads of several educational and training institutions on the issues associated with accounting education in Sri Lanka.

Since the main focus of this study was on the problems and deficiencies of accounting education at the professional and university levels the views of accounting academics, practising accountants and chief executive officers (CEOs) of organisations where accountants are employed were considered to be the most important and relevant information required in this investigation. Therefore, a questionnaire survey and interviews were designed to obtain independent views from an adequate number of individuals comprising these three professional groups.

7.2 POPULATION AND SAMPLE
The latest issue of the Statistical Handbook on University Education (1995) published by the University Grants Commission of Sri Lanka indicated that a total number of 127 full-time academics were involved in the teaching of courses in commerce and management studies in Sri Lankan universities. Thirty of them were involved in the teaching of accounting. However, when the researcher personally visited the universities, it was revealed that the above number had increased to 40 by the middle of 1997. In order to maintain a reasonable balance in the total sample of respondents, it was decided to use the entire population of accounting academics for the survey. By contrast, the population of practising accountants operating in Sri Lanka was too high to be included in the survey sample. Therefore, 300 practising accountants representing both ICASL and CIMA members were
randomly selected for the sample. However, since the respondents ought to have a broad understanding of university and professional accounting education both graduates and non-graduates possessing full professional accounting qualifications and a considerable length of experience were included in this group. Similarly, it was considered that the views and observations of chief executive officers (CEOs) who did not possess accounting qualifications but were involved in monitoring the performance of accountants in various organisations would also be useful in this investigation. Therefore, 20 CEOs were randomly selected and included in the sample. Accordingly, the total number of accounting academics, practising accountants and CEOs for the sample was determined as 40 and 300 and 20 respectively.

7.3 QUESTIONNAIRE SURVEY

Since the 360 potential respondents were located in different parts of the country the postal questionnaire method was chosen for the survey. This is in conformity with the method adopted in many other similar studies reported in the literature (AAA, 1973-1975; Solomon, 1972; Flaherty, 1979; and Flanagan and Juchau, 1982).

7.3.1 Design of the questionnaire

The questionnaire was organised in two sections for all three types of respondents. The first section was to obtain information on factors such as the basic demographic data of respondents, the major deficiencies of junior accountants, the quality of their education in accounting, and the importance of accounting and other business related subjects. For indicating the degree of importance on each question, the respondents were requested to follow the Likert five-point scale provided in the
questionnaire, which is used by many researchers (Oppenheim, 1982; Rezaee et al, 1997) for this type of attitude measurements.

Section two of the questionnaire aimed at obtaining each respondent’s opinion on 29 possible obstacles to the development of accounting education in Sri Lanka. An additional space was also provided in this section for respondents to indicate any other obstacles or deficiencies which were not included in the above group. The questionnaire designed for the accounting practitioners and the CEOs included an additional set of questions with a quoted message from the International Federation of Accountants (IFAC) (1994) for soliciting their observations and opinions on the deficiencies of recently employed junior accountants and the desirable characteristics of competent junior accountants. The practitioners and CEOs were also asked to rank their opinions as to whether or not the recent junior accountants who were working with them had acquired the necessary knowledge and skills needed for starting an accounting career. Following the same procedure, accounting academics were asked to indicate their opinions on a different set of questions as to how accounting education ought to meet the challenges for the future.

7.3.2 Pilot testing of the questionnaire

After preparing the initial questionnaire, it was decided to conduct a pilot test to identify any deficiencies and enhance its suitability. When the researcher was in Sri Lanka in December 1996 for this purpose the copies of the draft questionnaire were distributed among 47 accounting academics, practising accountants and CEOs who were personally known to him. He also discussed the questionnaire in detail with a considerable number of these professionals. On the basis of views and suggestions received at this pilot test, some amendments were made to the initial questionnaire
to improve the clarity of some questions and to expand the coverage in some parts of the questionnaire. Accordingly, the questionnaire was finalised and prepared in three sets, as given in Appendix I, to suit the three groups of respondents.

7.3.3 Survey

Each questionnaire was to be accompanied by a letter of request and a postage-paid return envelope. Since the potential respondents selected for the survey were well versed in the English language, there was no necessity for the researcher to translate the questionnaire and the letter of request into Sinhala\(^1\) or Tamil.

The names and addresses of practising accountants required for the survey were obtained from the membership directories of the ICASL and the CIMA (Sri Lanka Branch). The information on accounting academics was obtained from the respective universities. The names of CEOs were obtained on personal basis from the accountants who were known to the researcher. Two research assistants were hired from the Department of Accounting and Finance of the University of Sri Jayewardenepura, Sri Lanka to assist the researcher in the distribution of the questionnaire. Since many of the practising accountants were located in and around Colombo the researcher and the two research assistants were able to meet them and hand in the questionnaire personally. At the time of meeting with the majority of respondents for this purpose, the arrangements were also made with them to collect the completed questionnaire by hand to ensure a high response rate. The mobile telephone number of the researcher was left with every respondent to communicate with him for clarification of any items in the questionnaire. The rest of the practising accountants included in the sample were provided with their letter of request and the questionnaire through the public mail service. All respondents were

\(^{1}\)Sinhala and Tamil are the native languages in Sri Lanka.
requested to return the completed questionnaire to the address of the Department of Accounting and Finance at the university of Sri Jayewardenepura except when it was to be personally collected by the researcher or one of his research assistants. Since a small number of accountants did not respond to the original request within the expected time frame, a second copy of the questionnaire along with a letter and a stamped envelope was mailed again to each of them.

Since all accounting academics were from eleven universities located in Colombo and three other major cities it was possible for the researcher to visit these universities and hand in the copies of the questionnaire personally to the academics. The personal visits to these universities helped the researcher not only in getting the questionnaire completed by most of the academics but also in obtaining more information on their accounting courses, teaching facilities and problems specific to their universities.

7.3.4 Interviews

In order to provide an opportunity for respondents to express their views and suggestions more independently and extensively on education and training of prospective accountants, the researcher interviewed a selected group of practising accountants, accounting academics and CEOs who participated in the questionnaire survey. During these interviews the researcher was able to gain a more in-depth understanding of their independent views, opinions and suggestions on various aspects of the items covered in the questionnaire. As suggested by Cohen and Manion (1989), Phillips (1985), and Sekaran (1992), interviews were considered useful as a supplementary research technique for this type of studies.

In the process of selecting interviewees from among practising accountants it was considered important to include those with substantial experience in
accounting practice as well as in the teaching of accounting at the university or professional level. Since many practising accountants have been involved in part-time teaching in universities, technical colleges and professional institutions in Sri Lanka adopting this selection criterion was quite feasible. In the case of accounting academics, the criterion used was to select only those with a considerable length of experience in teaching accounting at the university level, a master’s or doctoral degree in accounting or related area, and some professional accounting qualification. It was also considered possible to obtain unbiased views on accounting education and practice from a group of CEOs who did not possess any accounting qualifications but were dealing with accountants in various decision making processes in organisations. Therefore, 20 CEOs who satisfied the above criterion were randomly selected as the third group of interviewees. Accordingly, the total number of interviewees for the study included 15 accounting academics, 20 practising accountants and 20 CEOs. However, since one academic and three accountants and five CEOs were reluctant to participate, 14 academics, 17 accountants and 15 CEOs were individually interviewed by the researcher. No formal interview schedule (a structured questions guide) was used for the interviews. Instead, the discussion at each interview was initiated and conducted in a very informal way, allowing the interviewee to express his/her ideas and observations more freely and independently. However, the discussions at these interviews basically centred around those items which were covered in the questionnaire. The researcher transposed himself as a learner with the interviewees and this approach seemed to provide them with encouragement which apparently helped to make the discussion more independent and unbiased. The interviews varied in length from about one to two hours. Generally, the longer interviews
were held with the academics and accountants. A tape recorder was used for recording the discussions at most interviews.

7.4 STATISTICAL TECHNIQUES USED IN THE ANALYSIS

The SPSS statistical package was used for processing and analysing the data collected in the questionnaire survey. In this process, the data from Section two of the questionnaire were utilised for computing the mean, standard deviation, and variance in respect of each variable of obstacles to the development of accounting education separately for all respondents, academics, practitioners and CEOs. The mean of importance for each obstacle was computed as follows:

$$\overline{X_j} = \frac{\sum_{i=1}^{n} X_{ij}}{n}$$

\(\overline{X_j}\) = the means of importance for obstacles for the development of accounting education.

\(j\) = the different level of importance ranging from 1 for 'the least important' to 5 for 'the extremely important'

n = 155 for practitioners
n = 36 for academics
n = 20 for CEOs
n = 211 for all respondents

The means of some variables in this study were skewed to one side. Therefore, F-test was used to examine whether any significant statistical difference (at 0.05 and 0.01 levels) would exist between practitioners, academics and CEOs in terms of their views on the importance of deficiencies. In addition, the Kruskal-Wallis one way analysis of variance (one way ANOVA) was performed for all three groups of respondents to examine any differences in their responses in the ranked data. This
technique has been used by many researchers in analysing differences between comparable sets of data (Rezaee et al, 1997; Arrington, 1992). The Kruskal-Wallis-H statistic is computed as follows:

\[
H = \frac{12}{N(N-1)} \sum_{j=1}^{k} \frac{R_j^2}{n_j} - 3(N + 1)
\]

where

- \( k \) = number of samples
- \( n_j \) = number of cases in \( j \)th sample
- \( N = \sum n_j \) the number of cases in all samples combined
- \( R_j \) = Sum of ranks in \( j \)th sample (columns)

\[
\sum_{j=1}^{k} = \text{directs one to sum over the } k \text{ samples (columns)}
\]

and it is distributed approximately as chi-square with \( df = k-1 \), for sufficiently large sample sizes (\( n_j \)'s) (Siegel, 1956: 185).

7.5 SUMMARY

This chapter describes the methods and procedures adopted for collecting and analysing information and data for the study. The questionnaire survey was the main technique used for the collection of data. The primary objective of this survey was to obtain the perceptions of accounting academics, practising accountants and CEOs on the deficiencies of existing accounting education at the university and professional levels in Sri Lanka. The survey sample included 40 academics, 300 accountants, and 20 CEOs. In addition to conducting the questionnaire survey, for the purpose of gaining a better understanding of the views and suggestions of a selected group of respondents, they were interviewed by the researcher on individual basis. Simple statistical techniques were used for processing and analysing the collected data.
CHAPTER EIGHT
ANALYSIS OF RESULTS

INTRODUCTION

This chapter presents an analysis of the results based on the information and data collected through the questionnaire survey and interviews described in the previous chapter. The analysis is basically divided into two sections. The first section provides a demographic description of the three groups of respondents. A descriptive statistical analysis of their responses to the problems and issues investigated in the survey is presented in the second section.

8.1 DEMOGRAPHIC DATA OF RESPONDENTS TO THE QUESTIONNAIRE

Although the total sample included 360 anticipated participants only 220 of them responded to the questionnaire, giving an overall response rate of 61.1 percent. However, at the initial scrutiny it was found that 9 responses from 5 accounting practitioners and 4 accounting academics were incomplete. Therefore, only 211 responses were used for this analysis. The composition of the sample and responses is shown in Table 8.1.

Table 8.1
Composition of the sample and responses to the questionnaire

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Sample No</th>
<th>Total Responses %</th>
<th>Useable Responses No</th>
<th>Useable Responses %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academics</td>
<td>40</td>
<td>40</td>
<td>18</td>
<td>36</td>
</tr>
<tr>
<td>Practitioners</td>
<td>300</td>
<td>160</td>
<td>72</td>
<td>155</td>
</tr>
<tr>
<td>CEOs</td>
<td>20</td>
<td>20</td>
<td>10</td>
<td>20</td>
</tr>
<tr>
<td>Total</td>
<td>360</td>
<td>220</td>
<td>100</td>
<td>211</td>
</tr>
</tbody>
</table>
8.1.1 Academic and professional qualifications of respondents

This section provides an analysis of the academic qualifications of accounting practitioners, accounting academics and CEOs who responded to the questionnaire.

Table 8.2 indicates that 52.9 percent of the 155 accounting practitioners held a bachelor’s degree while 21.3 percent of them having a diploma in accountancy. Nine percent of them also had a master’s degree, which was mainly in the area of business administration. Except only 2 respondents, all the others had obtained these academic qualifications from local educational institutions.

Table 8.2
Academic qualifications of accounting practitioners

<table>
<thead>
<tr>
<th>Field of study</th>
<th>Diploma in Accountancy</th>
<th>Bachelor’s degree</th>
<th>Master’s degree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No</td>
<td>%</td>
<td>No</td>
</tr>
<tr>
<td>Accounting/Commerce</td>
<td>33</td>
<td>21.3</td>
<td>54</td>
</tr>
<tr>
<td>Non-Accounting/Commerce</td>
<td>-</td>
<td>-</td>
<td>28</td>
</tr>
<tr>
<td>Total</td>
<td>33</td>
<td>21.3</td>
<td>82</td>
</tr>
</tbody>
</table>

As shown in Table 8.3, all 155 accounting practitioners were members of the ICASL, with 38.1 percent Fellows and 61.9 percent Associates. In addition to being a locally qualified chartered accountant, 39.4 percent of them also held the British qualification of FCMA or ACMA. This indicates a common feature of accounting education in Sri Lanka where many accounting students prepare for both local and British professional examinations simultaneously.

Table 8.3
Professional qualifications of accounting practitioners

<table>
<thead>
<tr>
<th></th>
<th>ICASL</th>
<th>CIMA-UK</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No</td>
<td>%</td>
</tr>
<tr>
<td>FCA</td>
<td>59</td>
<td>38.1</td>
</tr>
<tr>
<td>ACA</td>
<td>96</td>
<td>61.9</td>
</tr>
<tr>
<td>ACMA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FCMA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>155</td>
<td>100</td>
</tr>
</tbody>
</table>
Academic and professional qualifications of accounting academics are shown in Table 8.4. Accordingly, all the 17 senior lecturers held a master's degree in commerce/management/business, with 14 of them having their postgraduate education in foreign countries such as UK, USA, Australia and Japan. Four of the senior lecturers also held a professional accounting qualification as ACA of the ICASL. A few other academics had completed some parts of the professional examinations of either ICASL or CIMA-UK.

Unlike in many other countries, professional membership for accounting academics is not offered automatically in Sri Lanka. Moreover, in the Sri Lankan university system, an accounting professional qualification has not been considered a suitable qualification for promotion purposes.

Table 8.4
Academic and professional qualifications of accounting academics

<table>
<thead>
<tr>
<th>Position</th>
<th>Lecturer</th>
<th>Senior Lecturer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of academics</td>
<td>19</td>
<td>17</td>
</tr>
</tbody>
</table>

**Academic Qualifications**

- Bachelor's [B.Com/BSc(Accounting)]
  - Local: 05
  - Foreign: -

- Master's (Commerce/Management/Business)
  - Local: 03
  - Foreign: 14

- Ph.D.
  - 01

**Professional Qualifications**

ICASL
- ACA: 4
- P - 1: 2
- P - 2: 3

CIMA-UK
- P - 4: 2
- P - 3: 3

8.1.2 Experience in teaching and accounting practice

It is important to note in Table 8.5 that 41.3 percent of accounting practitioners had teaching experience at the ICASL or the university level, with 40 percent having over ten years of such experience. These accounting practitioners had gained their teaching experience as part-time visiting lecturers. All of them had a considerable length of
professional experience, with 42.6 percent having more than 10 years of such experience. Only 33.3 percent of accounting academics had more than ten years of teaching experience, indicating that most of the accounting lecturers in Sri Lanka were those entered the teaching profession in recent years. It is also noteworthy that none of the academics had any professional experience in accounting practice. Most of the CEOs (60%) had more than 10 years of non-accounting executive experience. Ten percent of them also indicated some teaching experience, which had been gained mainly through their part-time lectures in professional courses at various institutions.

Table 8.5
Teaching and professional experience of academics, practitioners and CEOs

<table>
<thead>
<tr>
<th></th>
<th>Academics</th>
<th>Practitioners</th>
<th>CEOs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Teaching</td>
<td>Professional</td>
<td>Teaching</td>
</tr>
<tr>
<td></td>
<td>No.</td>
<td>%</td>
<td>No.</td>
</tr>
<tr>
<td>Below 10</td>
<td>24</td>
<td>66.7</td>
<td>62</td>
</tr>
<tr>
<td>Over 10</td>
<td>12</td>
<td>33.3</td>
<td>82</td>
</tr>
<tr>
<td></td>
<td>36</td>
<td>100.0</td>
<td>64</td>
</tr>
</tbody>
</table>

8.1.3 Accounting practitioners, academics and CEOs by their sector of employment

The composition of accounting practitioners according to their sectors of employment is presented in Table 8.6. It indicates that 60.6 percent of them were employed as accountants in the private commercial and industrial sectors. Another 24.5 per cent were engaged as practitioners in accounting firms either as partners or employees. Their main functions were to provide audit service to private and semi-government organisations and tax consultancy to private companies and individuals. In addition, some firms were heavily involved in providing management consultancy services to their clients. The rest of the respondents in the practitioners' category were employed in various organisations in the government sector.
Chapter Eight: Analysis of Results

Table 8.6  
Number of accounting practitioners by their sector of employment  

<table>
<thead>
<tr>
<th>Sector of Employment</th>
<th>No</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public practice/accounting firms</td>
<td>38</td>
<td>24.5</td>
</tr>
<tr>
<td>Private sector organisations</td>
<td>94</td>
<td>60.6</td>
</tr>
<tr>
<td>State corporations/Boards</td>
<td>17</td>
<td>11.0</td>
</tr>
<tr>
<td>Government Ministries/Departments</td>
<td>06</td>
<td>03.9</td>
</tr>
<tr>
<td>Total</td>
<td>155</td>
<td>100.0</td>
</tr>
</tbody>
</table>

The respondents in the category of accounting academics were from the 11 universities listed in Table 8.7. However, the highest number of these academics (30.5%) were from the University of Sri Jayewardenepura where a separate department for accounting existed since 1992. The next highest numbers of respondents were from the universities of Colombo, Kelaniya and Ruhuna.

Table 8.7  
Number of accounting academics by their rank of employment  

<table>
<thead>
<tr>
<th>University</th>
<th>Lecturer</th>
<th>Senior Lecturer</th>
<th>Total</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Colombo,</td>
<td>1</td>
<td>4</td>
<td>5</td>
<td>13.8</td>
</tr>
<tr>
<td>University of Peredeniya,</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>8.3</td>
</tr>
<tr>
<td>University of Sri Jayewardenepura</td>
<td>8</td>
<td>3</td>
<td>11</td>
<td>30.5</td>
</tr>
<tr>
<td>University of Kelaniya,</td>
<td>1</td>
<td>3</td>
<td>4</td>
<td>11.1</td>
</tr>
<tr>
<td>University of Jaffna</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>2.8</td>
</tr>
<tr>
<td>University of Ruhuna</td>
<td>0</td>
<td>4</td>
<td>4</td>
<td>11.1</td>
</tr>
<tr>
<td>Eastern University</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>2.8</td>
</tr>
<tr>
<td>South Eastern University College</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>2.8</td>
</tr>
<tr>
<td>Rajarata University</td>
<td>0</td>
<td>2</td>
<td>2</td>
<td>5.6</td>
</tr>
<tr>
<td>Sabaragamuwa University</td>
<td>0</td>
<td>2</td>
<td>2</td>
<td>5.6</td>
</tr>
<tr>
<td>Open University of Sri Lanka</td>
<td>0</td>
<td>2</td>
<td>2</td>
<td>5.6</td>
</tr>
<tr>
<td>Total</td>
<td>12</td>
<td>24</td>
<td>36</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Sri Lankan universities yearbook -University Grants Commission, Sri Lanka 1996

In the category of CEOs, there were twenty respondents and they were all drawn from the manufacturing and service industries. As shown in Table 8.8, the majority of CEOs were general managers. Most of the others were designated as managing directors. Both these groups were responsible for the overall management of their organisations.
Table 8.8
Number of CEOs by their designation

<table>
<thead>
<tr>
<th></th>
<th>Number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman</td>
<td>1</td>
<td>5.</td>
</tr>
<tr>
<td>Managing Director</td>
<td>8</td>
<td>40</td>
</tr>
<tr>
<td>General Manager</td>
<td>11</td>
<td>55</td>
</tr>
<tr>
<td>Total</td>
<td>20</td>
<td>100</td>
</tr>
</tbody>
</table>

8.2 STATISTICAL ANALYSIS OF THE QUESTIONNAIRE DATA

This section of the chapter is devoted to statistical analysis of data and information collected from the respondents described in the preceding section. The analysis is based on the results indicated by descriptive statistics and one-way ANOVA. Some of the questions asked in the survey were common to all three categories of respondents. Therefore, while analysing the responses separately for each group they were also presented in the form of a combined group to show the general opinion of all respondents on the items covered in each question. Through frequency distributions, the percentage and cumulative percentage of occurrences were calculated for each variable in the questionnaire. Based on these calculations, the mean and the standard deviation (STD) were computed in respect of each variable for practitioners, academics, CEOs and all respondents. The F-ratio, the Chi-Square and the degree of significance based on the Kruskal-Wallis $H$-statistic for each variable were computed to examine statistical differences between means of responses of the three groups. The analysis of responses to each question is based on these statistical measures.
8.3 DEFICIENCIES OF JUNIOR ACCOUNTANTS AS OBSERVED BY ACCOUNTING PRACTITIONERS AND CEOs

Although the generally held view among accounting professionals and employers that the quality of junior accountants in Sri Lanka has been low no any systematic empirical investigation has been conducted in the past to test the validity of such a view. Therefore, one of the initial questions included in our questionnaire survey was to obtain empirical evidence on this critical issue.

Since junior accountants usually work under the supervision or observation of senior accountants and senior managers the experienced accounting practitioners and CEOs who participated in the survey were considered competent to provide a reasonably correct opinion on the quality of their junior accountants. Therefore, they were asked first to indicate whether they have observed any deficiencies in their junior accountants. Surprisingly, all the accounting practitioners and CEOs who participated in the survey responded positively to this question. Secondly, if the response to the first question was positive the respondents were asked to indicate their opinion on the extent of such deficiencies, using a Likert five-point scale ranging from 'very low' to 'very high' level of deficiency. A list of fourteen possible areas of deficiency was included in the question for this purpose. In addition, the respondents were also asked to specify any other areas of deficiency observed by them but not included in the above list. The summarised responses to the second question are given in Table 8.9. They are ranked according to their corresponding mean scores.
### Table 8.9

<table>
<thead>
<tr>
<th>Deficiencies of junior accountants as observed by accounting practitioners and CEOs</th>
<th>All Respondents</th>
<th>Practitioners</th>
<th>CEOs</th>
<th>F-Value</th>
<th>( \chi^2 )</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knowledge of using computers in accounting</td>
<td>4.18* 0.55 1</td>
<td>4.14 0.54 1</td>
<td>4.50 0.51 2</td>
<td>7.61</td>
<td>5.14</td>
</tr>
<tr>
<td>Critical thinking and divergent view points</td>
<td>3.99 0.76 2</td>
<td>3.99 0.70 2</td>
<td>4.05 1.15 4</td>
<td>0.11</td>
<td>1.55</td>
</tr>
<tr>
<td>Knowledge of English</td>
<td>3.97 0.97 3</td>
<td>3.99 0.93 3</td>
<td>3.95 1.10 5</td>
<td>0.03</td>
<td>0.00</td>
</tr>
<tr>
<td>Report writing skills</td>
<td>3.85* 0.83 4</td>
<td>3.79 0.80 5</td>
<td>4.40 0.88 3</td>
<td>10.19</td>
<td>9.59</td>
</tr>
<tr>
<td>Interpersonal relations</td>
<td>3.81 0.81 5</td>
<td>3.85 0.80 4</td>
<td>3.50 0.95 8</td>
<td>3.30</td>
<td>2.01</td>
</tr>
<tr>
<td>Research/investigation skills</td>
<td>3.57 0.98 6</td>
<td>3.52 0.95 6</td>
<td>3.95 1.19 6</td>
<td>3.38</td>
<td>4.85</td>
</tr>
<tr>
<td>Creative or innovative ideas</td>
<td>3.45 0.88 7</td>
<td>3.48 0.90 7</td>
<td>3.30 0.80 10</td>
<td>0.72</td>
<td>0.94</td>
</tr>
<tr>
<td>Ethical attitudes and behaviour</td>
<td>3.31* 1.11 8</td>
<td>3.18 1.04 9</td>
<td>4.55 0.51 1</td>
<td>33.43</td>
<td>26.46</td>
</tr>
<tr>
<td>Desire and efforts for professional development</td>
<td>3.21 0.82 9</td>
<td>3.20 0.84 8</td>
<td>3.35 0.67 9</td>
<td>0.61</td>
<td>0.71</td>
</tr>
<tr>
<td>Interpreting and analysing of accounting information</td>
<td>2.78 0.83 10</td>
<td>2.77 0.82 10</td>
<td>2.85 0.99 12</td>
<td>0.14</td>
<td>0.00</td>
</tr>
<tr>
<td>Concern for social responsibility</td>
<td>2.76* 1.10 11</td>
<td>2.65 1.04 12</td>
<td>3.65 1.31 7</td>
<td>15.62</td>
<td>11.64</td>
</tr>
<tr>
<td>Understanding of accounting/auditing procedures</td>
<td>3.63* 0.91 12</td>
<td>2.75 0.86 11</td>
<td>1.70 0.73 13</td>
<td>27.30</td>
<td>19.91</td>
</tr>
<tr>
<td>Verbal communication skills</td>
<td>2.05* 0.83 13</td>
<td>2.13 0.82 13</td>
<td>1.45 0.60 14</td>
<td>12.75</td>
<td>11.04</td>
</tr>
<tr>
<td>Understanding of legal implications of professional activities</td>
<td>1.99* 0.90 14</td>
<td>1.86 0.70 14</td>
<td>3.00 1.49 11</td>
<td>33.61</td>
<td>10.61</td>
</tr>
</tbody>
</table>

Notes: (1) Kruskal-Wallis (H-Statistic), (2) * Significant difference at (P<.05) between practitioners and CEOs, (3) \( \chi^2 \) = Chi-Square value
Chapter Eight: Analysis of Results

As a whole, the results indicate that all the items listed in the question have been observed by the respondents as the areas of considerable deficiencies of their junior accountants. However, since the ratings have been based on a 1-5 scale those showing a mean score greater than 3.00 can be considered to be at a high level of deficiency. Accordingly, the most serious deficiencies or weaknesses of junior accountants have been observed by all respondents in the following areas of their attributes:

- Knowledge of using computers in accounting
- Critical thinking and divergent view points
- Knowledge of English
- Report writing skills
- Interpersonal relations
- Research/investigation skills
- Creative or innovative ideas
- Ethical attitudes and behaviour
- Desire and efforts for professional development

In respect of 7 variables, however, the responses are significantly different at the .05 level between accounting practitioners and CEOs. These variables are denoted by an asterisk in the table. Mean responses of the remaining variables do not show any statistically significant difference between these two groups of respondents. Table 8.9 also shows that the results of F-test, Chi-Square and Kruskal-Wallis H-statistic support these results.

When the poor state of professional accounting education in Sri Lanka is taken into consideration the above deficiencies of junior accountants seem to be attributable, to a great extent, to the deficiencies in their education and training. As discussed in Chapter 5, professional accounting students in Sri Lanka do not get the opportunity to follow a comprehensive program of accounting education aimed at enhancing knowledge and developing skills in the various areas listed in Table 8.9. Their
education is based almost entirely on the technical, legal and auditing aspects of accounting and does not constitute a full-time program of study. This is evident, to some extent, from the low ranking of deficiencies in the understanding of accounting/auditing procedures and legal implications of professional activities by all respondents in the questionnaire survey.

When the responses are analysed in terms of groups the means of high deficiency to low deficiency seem to vary from 4.18 to 1.99 for all respondents, 4.14 to 1.86 for practitioners and 4.50 to 1.45 for CEOs. The rank order of a few deficiencies remain identical for all respondents and each of the sub-groups. However, the CEOs have placed a heavier emphasis on deficiencies in a few areas such as ethical attitudes and behaviour, report writing skills, and concern for social responsibility. This result can be considered realistic since CEOs who are responsible for the overall well-being of their organisations are obviously more concerned about factors such as ethical attitudes and social responsibility of their subordinates than accounting practitioners whose prime concern is to see the efficient performance of duties assigned to their junior accountants. This is also consistent with the views expressed by several respondents at their interviews. Furthermore, according to many interviewees, most accounting professionals seemed to consider their accounting qualification as a 'life-time qualification'. This means that once they have completed their studies and obtained the professional accounting qualification they tend to hold the opinion that they do not need any further studies for the rest of their professional career. Similarly, as observed at the interviews, many non-graduate accountants seem to attach much less importance to the concept of continuing professional development (CPD). This may be attributable, at least partly, to their lack of proper education and guidance towards professional development or their lack of 'learning to learn' attitude. Furthermore, at the interviews
many non-graduate accountants stressed the importance of 'practical knowledge' rather than theoretical and conceptual aspects of accounting.

8.3.1 Analysis of observed deficiencies of junior accountants by graduate and non-graduate accountants

It was hypothesised that the views of graduate accountants\(^1\) would be different from those of non-graduate accountants because of their university education. In order to identify any such differences, the responses were re-examined according to these two groups. Table 8.10 illustrates the results. However, the mean responses of only 'creative and innovative ideas' and 'verbal communications skills' reveal a significant difference at (P <0.05) level.

Graduate accountants rated the deficiencies of their junior accountants in 'knowledge of using computers in accounting', 'critical thinking and divergent viewpoints' and 'report writing skills' as most important. These ratings can be considered realistic because graduate accountants expect a sufficient knowledge and skills in the areas of computing, critical thinking and report writing as a result of their own exposure to such areas during university education. By contrast, non-graduate accountants have assigned similar high ratings to the deficiencies in 'creative or innovative ideas', 'knowledge of English' and 'knowledge of using computers in accounting'. One of the reasons for their high rating of the 'knowledge of English' seems to be that most of the non-graduate accountants have had their accounting education in English whereas the university education of graduate accountants has been in the medium of Sinhalese. Moreover, most of the elderly accountants have had their high school education also in

---

\(^1\) Graduate accountant refers to a professionally qualified accountant who has obtained a bachelor's degree or a master's degree from a university after or before becoming an accountant. Non-graduate accountant is a professionally qualified accountant who does not possess any university degree.
the medium of English. As a result, such accountants expect a good knowledge of English from their junior accountants.

Table 8.10
Analysis of observed deficiencies of junior accountants by graduate and non-graduate accountants

<table>
<thead>
<tr>
<th></th>
<th>Graduate Accountants</th>
<th>Non-graduate Accountants</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean</td>
<td>STD</td>
</tr>
<tr>
<td>Knowledge of using computers in accounting</td>
<td>4.14</td>
<td>0.50</td>
</tr>
<tr>
<td>Critical thinking and divergent view points</td>
<td>3.96</td>
<td>0.68</td>
</tr>
<tr>
<td>Knowledge of English</td>
<td>3.82</td>
<td>1.02</td>
</tr>
<tr>
<td>Interpersonal relations</td>
<td>3.78</td>
<td>0.83</td>
</tr>
<tr>
<td>Report writing skills</td>
<td>3.71</td>
<td>0.74</td>
</tr>
<tr>
<td>Creative or innovative ideas</td>
<td>3.59*</td>
<td>0.75</td>
</tr>
<tr>
<td>Research / investigation skills</td>
<td>3.46</td>
<td>0.94</td>
</tr>
<tr>
<td>Desire and efforts for professional development</td>
<td>3.20</td>
<td>0.76</td>
</tr>
<tr>
<td>Ethical attitudes and behaviour</td>
<td>3.01</td>
<td>1.02</td>
</tr>
<tr>
<td>Interpreting and analysing of accounting info;</td>
<td>2.77</td>
<td>0.84</td>
</tr>
<tr>
<td>Concern for social responsibility</td>
<td>2.72</td>
<td>0.98</td>
</tr>
<tr>
<td>Understanding of legal implications of</td>
<td></td>
<td></td>
</tr>
<tr>
<td>professional activities</td>
<td>2.71</td>
<td>0.79</td>
</tr>
<tr>
<td>Verbal communication skills</td>
<td>2.08*</td>
<td>0.78</td>
</tr>
<tr>
<td>Understanding of accounting / auditing procedures</td>
<td>1.99</td>
<td>0.70</td>
</tr>
</tbody>
</table>

* Significant difference (p < 0.05) level

8.3.2 Analysis of observed deficiencies of junior accountants according to the teaching experience of accounting practitioners

About 41 percent of accounting practitioners who responded to the questionnaire had gained some experience in teaching accounting as part-time lecturers at tertiary-level institutions. Since their views could be different from those who did not possess any such experience the responses of all accounting practitioners were analysed further on the basis of these two groups. The results are depicted in Table 8.11.
Table 8.11
Analysis of observed deficiencies of junior accountants according to the teaching experience of accounting practitioners

<table>
<thead>
<tr>
<th></th>
<th>With Teaching Experience</th>
<th>Without Teaching Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean</td>
<td>STD</td>
</tr>
<tr>
<td>Knowledge of English</td>
<td>4.69</td>
<td>0.441</td>
</tr>
<tr>
<td>Concern for social responsibility</td>
<td>4.68</td>
<td>0.500</td>
</tr>
<tr>
<td>Research / investigation skills</td>
<td>4.68</td>
<td>0.550</td>
</tr>
<tr>
<td>Creative or innovative ideas</td>
<td>4.48</td>
<td>0.645</td>
</tr>
<tr>
<td>Verbal communication skills</td>
<td>4.08</td>
<td>0.525</td>
</tr>
<tr>
<td>Knowledge of using computers in accounting</td>
<td>3.54</td>
<td>0.540</td>
</tr>
<tr>
<td>Critical thinking and divergent view points</td>
<td>3.57</td>
<td>0.600</td>
</tr>
<tr>
<td>Report writing skills</td>
<td>3.00</td>
<td>0.625</td>
</tr>
<tr>
<td>Interpersonal relations</td>
<td>3.20</td>
<td>0.675</td>
</tr>
<tr>
<td>Desire and efforts for professional development</td>
<td>3.10</td>
<td>1.225</td>
</tr>
<tr>
<td>Interpreting and analysing of accounting info;</td>
<td>2.98</td>
<td>1.210</td>
</tr>
<tr>
<td>Ethical attitudes and behaviour</td>
<td>2.60</td>
<td>1.300</td>
</tr>
<tr>
<td>Understanding of accounting / auditing procedures</td>
<td>2.57</td>
<td>1.340</td>
</tr>
<tr>
<td>Understanding of legal implications of professional activities</td>
<td>2.10</td>
<td>1.235</td>
</tr>
</tbody>
</table>
The accounting practitioners with teaching experience have identified 'knowledge of English,' 'concern for social responsibility,' and 'research and investigation skills' as the three main areas of deficiency in their juniors, giving a mean rank of 4.69, 4.68 and 4.68 respectively. 'Creative or innovative ideas' and 'verbal communication skills' have also received a mean rank of 4.48 and 4.08 respectively. On the other hand, the practitioners who did not possess any teaching experience have found the highest deficiencies in 'critical thinking and divergent view points,' 'interpreting and analysing of accounting information' and 'knowledge of English,' with means of 4.90, 4.80 and 4.60 respectively. One major difference in the ranking of items according to the above two groups is that while practitioners without teaching experience have rated 'critical thinking and divergent view points' as number 1, those with such experience have rated it as number 7. Similarly, the practitioners with teaching experience have ranked 'interpreting and analysing of accounting information' as number 11 whereas the other group have ranked it as 2. However, it is not possible to find any logical explanation for these differences.

Most of the more serious deficiencies listed in the table were specifically mentioned by many senior accounting practitioners at their interviews. Among them were the deficiencies of their recently qualified junior accountants in the knowledge of using computers in accounting, critical thinking and divergent view points, interpersonal relations and report writing skills. At the interviews, a considerable number of respondents also expressed their dissatisfaction with the existing state of professional accounting education in Sri Lanka, referring specifically to the poor educational facilities available to students. They pointed out that students aspiring to become professionally qualified accountants have not been provided with comprehensive full-time programs of study and most students attend "brush-up" type
classes conducted by numerous private tutions and prepare for professional examinations mainly by self-study. Consequently, for most students the sole purpose of their accounting education has been to pass the professional examinations. Under these circumstances, it is not surprising to see that professional accounting students hardly get any opportunity to develop the generic skills referred to in Table 8.9.

Most of the accounting practitioners and CEOs who expressed their serious concern about the above deficiencies at the interviews emphasised the need for paying a greater attention to such deficiencies at the time of education and training provided to accounting students. They also indicated that these deficiencies have had a significant adverse effect on the performance of their junior accountants. According to the CEOs, however, most of these deficiencies are not limited to junior accountants but have become a common problem for the entire accounting profession in the country.

8.4 REASONS FOR NOT HAVING A GOOD QUALITY OF ACCOUNTING EDUCATION
As discussed in Chapter 2 and 3, there had been a sizable amount of negative criticism on the quality of accounting education in Sri Lanka (Perera, 1975; Briston, 1978; Wijewardena and De Zoysa, 1996). Nevertheless, no any systematic study had been done in the past to provide empirical evidence on this situation. Therefore, the accounting practitioners and CEOs who participated in the survey of the current study were asked whether the junior accountants who joined their organisations recently have demonstrated good quality of accounting education. Similarly, the accounting academics were also asked whether the existing system of accounting education in Sri Lanka was perceived to be of a high quality. It is important to note that all the three groups of respondents replied negatively to this question, supporting the above criticism.
As a part of the same question, the respondents were also asked to indicate their opinion on the reasons for not having a good quality of accounting education. For this purpose, a list of sixteen possible reasons was provided in the questionnaire, requesting the respondents to indicate the degree of importance of each reason on the basis of a 1-5 Likert scale. Table 8.12 demonstrates the responses.

Following the procedure described under the previous question, the responses to this question have also been analysed in terms of mean, standard deviation, f-value and Chi-square test. The reasons for not having a good quality of accounting education are ranked according to their means of importance. The reasons indicating statistically significant differences between groups of respondents are indicated by an asterisk. Of the sixteen items listed in the table, thirteen with a mean of importance greater than 3 indicate the important reasons for the low quality of accounting education in Sri Lanka. According to their order of importance, these reasons are listed below:

- Non-existence of a continuing assessment system based on day-to-day performance of students
- Lack of qualified teachers in accounting
- Low level of reading due to inadequate knowledge of English
- Lack of workshops and class discussions
- Inadequate training in computer applications in accounting
- Accounting education is too heavily examination oriented
- Lack of relevance of education to practice
- Lack of a regular tutorial assignment system
- Classes for accounting students are conducted mostly by private tutors which are of poor quality
- Limiting of most students' learning efforts to reading of lecture notes and preparing for examinations
Table 8.12

Reasons for not having a good quality of accounting education

<table>
<thead>
<tr>
<th>Reason</th>
<th>All Respondents</th>
<th>Practitioners</th>
<th>Academics</th>
<th>CEOs</th>
<th>F-Value</th>
<th>$\chi^2$</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean STD Rank</td>
<td>Mean STD Rank</td>
<td>Mean STD Rank</td>
<td>Mean STD Rank</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-existence of a continuing assessment system based on day to day performance of students</td>
<td>4.40 0.81 1</td>
<td>4.40 0.76 1</td>
<td>4.28 1.03 1</td>
<td>4.60 0.75 1</td>
<td>1.01</td>
<td>1.45</td>
</tr>
<tr>
<td>Lack of qualified teachers in accounting</td>
<td>4.24** 1.05 2</td>
<td>4.29 1.05 2</td>
<td>3.86 1.17 5</td>
<td>4.55 0.60 2</td>
<td>33.41</td>
<td>26.05</td>
</tr>
<tr>
<td>Low level of reading due to inadequate knowledge of English</td>
<td>4.12 0.73 3</td>
<td>4.09 0.71 4</td>
<td>4.11 0.78 3</td>
<td>4.40 0.75 3</td>
<td>1.62</td>
<td>3.06</td>
</tr>
<tr>
<td>Lack of workshops and class discussions</td>
<td>3.97 0.87 4</td>
<td>3.96 0.73 5</td>
<td>4.11 1.21 4</td>
<td>3.75 1.12 12</td>
<td>1.12</td>
<td>5.97</td>
</tr>
<tr>
<td>Inadequate training in computer applications in accounting</td>
<td>3.92* 0.98 5</td>
<td>4.22 0.66 3</td>
<td>2.44 0.94 15</td>
<td>4.25 0.72 8</td>
<td>91.64</td>
<td>64.18</td>
</tr>
<tr>
<td>Accounting education is too heavily examination oriented</td>
<td>3.58* 0.75 6</td>
<td>3.50 0.76 9</td>
<td>3.56 0.56 7</td>
<td>4.20 0.70 9</td>
<td>28.23</td>
<td>33.04</td>
</tr>
<tr>
<td>Lack of relevance of education to practice</td>
<td>3.56 0.99 7</td>
<td>3.59 0.96 7</td>
<td>2.94 0.86 10</td>
<td>4.40 0.75 4</td>
<td>6.30</td>
<td>5.79</td>
</tr>
<tr>
<td>Lack of a regular tutorial assignment system</td>
<td>3.55* 1.04 8</td>
<td>3.65 0.99 6</td>
<td>2.92 1.11 11</td>
<td>4.00 0.79 11</td>
<td>10.02</td>
<td>16.11</td>
</tr>
<tr>
<td>Classes for accounting students are conducted mostly by private tutors which are of poor quality</td>
<td>3.49 0.99 9</td>
<td>3.19 0.81 13</td>
<td>4.28 1.00 2</td>
<td>4.40 0.94 5</td>
<td>35.88</td>
<td>49.52</td>
</tr>
<tr>
<td>Limiting of most students' learning efforts to reading of lecture notes and preparing for examinations</td>
<td>3.46* 0.96 10</td>
<td>3.46 0.92 10</td>
<td>3.00 1.01 9</td>
<td>4.30 0.57 6</td>
<td>33.08</td>
<td>29.19</td>
</tr>
<tr>
<td>Excessive emphasis on technical and procedural aspects with less attention to analytical and problem solving aspects</td>
<td>3.45 0.90 11</td>
<td>3.55 0.83 8</td>
<td>2.89 1.01 13</td>
<td>3.65 0.81 15</td>
<td>9.32</td>
<td>12.32</td>
</tr>
<tr>
<td>Lack of local text books and other publications</td>
<td>3.27 0.86 12</td>
<td>3.25 0.84 12</td>
<td>3.50 0.74 8</td>
<td>3.00 1.12 16</td>
<td>2.33</td>
<td>3.56</td>
</tr>
</tbody>
</table>

Notes: (1) Kruskal-Wallis (H-Statistic), (2) ** Significant difference at (P<.05) and * Significant difference at (P<.01), (3) $\chi^2$ = Chi-Square value
## Cont...Table 8.12

### Reasons for not having a good quality of accounting education

<table>
<thead>
<tr>
<th>Reason</th>
<th>All Respondents</th>
<th>Practitioners</th>
<th>Academics</th>
<th>CEOs</th>
<th>F-Value</th>
<th>$\chi^2$</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean STD Rank</td>
<td>Mean STD Rank</td>
<td>Mean STD Rank</td>
<td>Mean STD Rank</td>
<td>Mean STD Rank</td>
<td>Mean STD Rank</td>
</tr>
<tr>
<td>Ineffective teaching methods</td>
<td>3.24* 0.99 13</td>
<td>3.40 0.77 11</td>
<td>2.03 0.81 16</td>
<td>4.20 0.89 10</td>
<td>60.53</td>
<td>60.22</td>
</tr>
<tr>
<td>Use of outdated teaching materials and text books</td>
<td>2.84* 1.03 14</td>
<td>2.72 0.94 14</td>
<td>2.89 1.04 12</td>
<td>3.65 1.35 13</td>
<td>47.62</td>
<td>38.34</td>
</tr>
<tr>
<td>Inadequate internship or practical training during studies</td>
<td>2.76 1.16 15</td>
<td>2.43 1.03 16</td>
<td>3.75 1.16 6</td>
<td>3.65 0.69 14</td>
<td>30.48</td>
<td>44.27</td>
</tr>
<tr>
<td>Inappropriate accounting curriculum</td>
<td>2.67 0.74 16</td>
<td>2.63 0.71 15</td>
<td>2.50 0.70 14</td>
<td>3.30 0.80 7</td>
<td>8.91</td>
<td>11.97</td>
</tr>
</tbody>
</table>

Notes: (1) Kruskal -Wallis (H- Statistic), (2) ** Significant difference at (P<.05) and * Significant difference at (P<.01), (3) $\chi^2$ = Chi-Square value
Chapter Eight: Analysis of Results

- Excessive emphasis on technical and procedural aspects with less attention to analytical and problem solving aspects
- Lack of local text books and other publications
- Ineffective teaching methods

It is evident from the ratings given by all the three groups of respondents in Table 8.12 that the non-existence of a continuing assessment system based on day-to-day performance of students has been observed as the most important reason for the low quality of accounting education in the country. It should be noted that 'accounting education' in this context refers to the programs of studies conducted by the professional accounting bodies (i.e. ICASL, ICMA) and numerous private tutories because university accounting education is not used for producing professional accountants in Sri Lanka. Next, both the accounting practitioners and the CEOs have ranked 'lack of qualified teachers in accounting' as the second most important reason for the low quality of education. Similarly, the low level of reading due to inadequate knowledge of English has been rated as the next most important reason. Obviously, this is a very realistic assessment of the situation in Sri Lanka where accounting students depend very heavily on the lecture notes provided by their lecturers because textbooks are not available in local languages and their knowledge of English is inadequate for making use of foreign textbooks. However, most of the reasons considered as important by the respondents can be ascribed to the fact that accounting education leading to professional qualifications in Sri Lanka is not based on properly organised full-time programs of study. For example, some of the essential elements of a comprehensive program of study such as continuing assessment, workshops and class discussions, tutorial assignments, computer training, and development of intellectual and generic skills are lacking in the accounting education programs offered by professional bodies.
and private academies in Sri Lanka. As such, the adverse effect of these limitations on the quality of accounting education is inevitable.

Another notable limitation of accounting education, as depicted in Table 8.12 is its excessive examination orientation. The means of importance of this limitation for academics, accounting practitioners and CEOs are 3.56, 3.50 and 4.20 respectively. This response is statistically significant ($\chi^2$ of 33.0379 at $p < .01$), indicating that CEOs consider the burden of heavy examination orientation more seriously than practitioners and academics. The implication of these limitations and the views expressed by interviewees suggest that all the three groups, irrespective of their circumstances, are more cognisant of the reasons for the low quality of accounting education in the country.

8.5 MOST SERIOUSLY LACKING PERSONAL CHARACTERISTICS OF JUNIOR ACCOUNTANTS

Since junior accountants usually work under the supervision of senior accountants and managers, the experienced accounting practitioners and CEOs who participated in the survey were considered as being capable of providing a sufficiently accurate assessment of the personal characteristics of their junior accountants. Having provided a list of personal characteristics, these two groups of participants were asked to rank three characteristics that they found to be most seriously lacking among their junior accountants. Table 8.13 depicts the results.
Table 8.13
Most seriously lacking personal characteristics of junior accountants as perceived by all respondents

<table>
<thead>
<tr>
<th>Personal Characteristics</th>
<th>All respondents</th>
<th>Practitioners (N=155)</th>
<th>CEOs (N=20)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>%</td>
<td>No.</td>
</tr>
<tr>
<td>Critical thinking</td>
<td>101</td>
<td>58</td>
<td>92</td>
</tr>
<tr>
<td>Adaptability</td>
<td>88</td>
<td>50</td>
<td>81</td>
</tr>
<tr>
<td>Loyalty</td>
<td>77</td>
<td>44</td>
<td>71</td>
</tr>
<tr>
<td>Accuracy in work</td>
<td>63</td>
<td>36</td>
<td>44</td>
</tr>
<tr>
<td>Above average intelligence</td>
<td>52</td>
<td>30</td>
<td>43</td>
</tr>
<tr>
<td>Initiative</td>
<td>37</td>
<td>21</td>
<td>29</td>
</tr>
<tr>
<td>Integrity</td>
<td>30</td>
<td>17</td>
<td>18</td>
</tr>
<tr>
<td>Mental alertness</td>
<td>28</td>
<td>16</td>
<td>21</td>
</tr>
<tr>
<td>Good personal appearance</td>
<td>25</td>
<td>14</td>
<td>9</td>
</tr>
<tr>
<td>Dependability</td>
<td>24</td>
<td>14</td>
<td>22</td>
</tr>
<tr>
<td>Self-discipline</td>
<td>20</td>
<td>11</td>
<td>12</td>
</tr>
<tr>
<td>Desire to go ahead</td>
<td>15</td>
<td>9</td>
<td>10</td>
</tr>
</tbody>
</table>

According to this table, the majority of respondents have identified critical thinking as the most seriously lacking personal characteristic of junior accountants. Adaptability, loyalty, accuracy in work and above average intelligence have been seen by all respondents as the next set of seriously lacking characteristics. According to the majority of CEOs, however, accuracy in work and good personal appearance are mostly lacking among junior accountants.

It is important to note that most of the personal characteristics which are found to be lacking among junior accountants are compatible with their deficiencies as observed by respondents in section 8.3. Moreover, when the reasons for not having a good quality of accounting education as analysed in section 8.4 are taken into consideration the lack of personal characteristics such as critical thinking, adaptability and accuracy in work seems quite obvious.
8.6 FACTORS CONTRIBUTING TO THE HIGH FAILURE RATES OF ICASL EXAMINATIONS

As discussed in Chapter 4, the average rate of failure has been over 75 per cent across foundation and professional examinations of the ICASL. It was considered that accounting academics, practitioners and CEOs who have been associated with this system for many years would have a realistic understanding of the factors contributing to such high failure rates. Furthermore, it was believed that the accounting practitioners and many accounting academics who followed the ICASL scheme of education and training during their preparation for professional examinations some years ago would be the best assessors of the situation. Accordingly, all three groups of respondents were provided with a list of 12 factors which were considered to be responsible for the high failure rates, requesting them to indicate the degree of importance or otherwise of each factor. A table, showing the examination failure statistics of ICASL for 1993 and 1994, was also included in the questionnaire. The degree of importance of each contributory factor was to be based on a Likert scale of 1 to 5. In the scale, numbers 1 and 5 were for the 'least important factor' and the 'most important factor' respectively. Thus, the closer the mean of importance to 5, the higher is the importance of the contributory factor.

Table 8.14 presents a statistical illustration of the responses in respect of the 12 factors listed in the questionnaire. These factors are listed in this table in their order of importance as rated by all respondents. The asterisk (*) in the first column of the table indicates that there is a statistically significant difference (at the 0.05 level) between respondents. According to the ranking order of all respondents, the following factors indicate a very high degree of importance with a mean greater than 4:
Table 8.14
Factors contributing to the high failure rates of ICASL examinations

<table>
<thead>
<tr>
<th>Factor</th>
<th>All Respondents</th>
<th>Practitioners</th>
<th>Academics</th>
<th>CEOs</th>
<th>F-Value</th>
<th>$\chi^2$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inadequacy of teaching facilities (outside Colombo)</td>
<td>4.34* 0.70 1</td>
<td>4.18 0.70 1</td>
<td>4.80 0.40 1</td>
<td>4.80 0.41 1</td>
<td>19.35</td>
<td>28.65</td>
</tr>
<tr>
<td>Lack of knowledge on the theoretical aspects of accounting</td>
<td>4.12* 0.59 2</td>
<td>4.06 0.62 2</td>
<td>4.34 0.48 2</td>
<td>4.25 0.44 2</td>
<td>3.70</td>
<td>4.85</td>
</tr>
<tr>
<td>Lack of proper supervision of students by ICASL</td>
<td>4.02 0.68 3</td>
<td>3.98 0.71 3</td>
<td>4.11 0.57 4</td>
<td>4.15 0.58 3</td>
<td>0.85</td>
<td>1.09</td>
</tr>
<tr>
<td>Lack of Library facilities (outside Colombo)</td>
<td>3.87 0.83 4</td>
<td>3.94 0.80 4</td>
<td>3.75 0.96 7</td>
<td>3.55 0.68 7</td>
<td>2.45</td>
<td>4.39</td>
</tr>
<tr>
<td>Lack of guidance by tutors in respect of examinations</td>
<td>3.73* 0.90 5</td>
<td>3.65 0.93 8</td>
<td>4.19 0.92 3</td>
<td>3.50 1.14 8</td>
<td>5.34</td>
<td>10.36</td>
</tr>
<tr>
<td>Lack of relevance of what students learn to local conditions</td>
<td>3.67 0.93 6</td>
<td>3.73 0.94 6</td>
<td>3.33 0.92 9</td>
<td>3.85 0.80 6</td>
<td>3.13</td>
<td>4.84</td>
</tr>
<tr>
<td>Lack of continuous assessment of students by ICASL</td>
<td>3.66 0.85 7</td>
<td>3.77 0.78 5</td>
<td>3.47 0.99 8</td>
<td>3.15 0.87 11</td>
<td>6.08</td>
<td>7.27</td>
</tr>
<tr>
<td>Due to limited tuition by ICASL and dependence of students upon private tutors to support their studies</td>
<td>3.63 0.79 8</td>
<td>3.50 0.68 10</td>
<td>4.02 1.10 5</td>
<td>3.90 0.64 4</td>
<td>7.97</td>
<td>11.88</td>
</tr>
<tr>
<td>Lack of proper practical knowledge</td>
<td>3.59* 0.86 9</td>
<td>3.72 0.86 7</td>
<td>3.25 0.87 10</td>
<td>3.20 0.61 10</td>
<td>7.22</td>
<td>13.82</td>
</tr>
<tr>
<td>Due to excessive dependence on self-study course of ICASL</td>
<td>3.58* 0.94 10</td>
<td>3.45 0.99 11</td>
<td>3.94 0.79 6</td>
<td>3.90 0.44 5</td>
<td>5.33</td>
<td>5.92</td>
</tr>
<tr>
<td>Lack of knowledge on the technical aspects of accounting</td>
<td>3.49 0.91 11</td>
<td>3.63 0.85 9</td>
<td>3.25 0.93 11</td>
<td>2.80 0.95 12</td>
<td>9.62</td>
<td>13.95</td>
</tr>
<tr>
<td>Inadequacy of the candidates' abilities and preparedness</td>
<td>2.86 0.80 12</td>
<td>2.84 0.76 12</td>
<td>2.63 0.96 12</td>
<td>3.40 0.59 9</td>
<td>6.17</td>
<td>11.88</td>
</tr>
</tbody>
</table>

Notes: (1) Kruskal-Wallis (H-Statistic), (2) * Significant difference at (P<.05), (3) $\chi^2$ = Chi-Square value
• Inadequacy of teaching facilities
• Lack of knowledge on the theoretical aspects of accounting
• Lack of proper supervision of students by ICASL

It is evident from the table that all the three groups of respondents have equally rated the above factors as the most important reasons for the high failure rates of candidates at the ICASL examinations. Furthermore, the academics who responded to this question have attached similar high importance to the lack of guidance by tutories in respect of examinations and the inadequate tuition by ICASL and dependence of students upon private tutories to support their studies. As precisely revealed at the interviews, some practitioners have appeared for professional parts of the ICASL examinations nearly half a dozen times for completing them successfully. Table 8.14 also reveals that almost all the factors provided in the questionnaire have been viewed by most of the respondents as having a high degree of importance with a mean greater than 3.

8.7 THE IMPORTANCE OF ACCOUNTING SUBJECTS

When discussing with several academic and professional colleagues and going through the curricula of educational programs aimed at producing accountants in Sri Lanka the researcher became doubtful about the suitability and usefulness of some of the subjects included in those programs. Therefore, it was decided to obtain the views of accounting academics, practitioners and CEOs on the importance of subjects included in the accounting programs.

The respondents were asked to rate the importance of subjects on the basis of current and expected future needs of accounting information in their organisations. For this purpose, the questionnaire provided two groups of subjects (Group A - accounting subjects; Group B - other business related subjects). The degree of importance of each
subject was to be rated by respondents on a Likert scale of 1 to 5. The closer the mean of importance to 5, the higher is the importance of that subject. Table 8.15 shows the mean, standard deviation and mean ranking of responses in respect of Group A subjects. The subjects are listed in this table in their order of importance as viewed by all respondents. The asterisks indicate the statistically significant differences between groups at the 0.05 and 0.01 levels. According to all respondents, the following subjects representing mean a greater than 4 can be considered to be the most important:

- Use of Computers in Accounting
- Cost and Management Accounting
- Financial Statement Analysis
- Auditing
- Budgeting and Financial Control
- Taxation

The ranking order of accounting subjects remains relatively consistent for all respondents and each sub-group of respondents. Additionally, the academics have attached similar high importance to Accounting Theory and Research Methods in Accounting. The CEOs, on the other hand, have placed a heavy emphasis on Accounting Theory and International Accounting areas. Social Accounting, Estate Accounting and Government Accounting have been ranked as the least important subjects by all respondents and each of the sub-groups. The overall results presented in Table 8.15 reveal that although the relative importance of accounting subjects varies between three respondent groups, there is a general consensus as to the relevance of these subjects to accounting programs.
## Table 8.15

### Importance of accounting subjects

<table>
<thead>
<tr>
<th></th>
<th>All Respondents</th>
<th>Practitioners</th>
<th>Academics</th>
<th>CEOs</th>
<th>F-Value</th>
<th>$\chi^2$</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean</td>
<td>STD</td>
<td>Rank</td>
<td>Mean</td>
<td>STD</td>
<td>Rank</td>
</tr>
<tr>
<td>Use of Computers in accounting</td>
<td>4.96</td>
<td>0.20</td>
<td>1</td>
<td>4.98</td>
<td>0.14</td>
<td>1</td>
</tr>
<tr>
<td>Cost and Management Accounting</td>
<td>4.91</td>
<td>0.29</td>
<td>2</td>
<td>4.93</td>
<td>0.26</td>
<td>2</td>
</tr>
<tr>
<td>Financial Statement Analysis</td>
<td>4.81</td>
<td>0.40</td>
<td>3</td>
<td>4.86</td>
<td>0.35</td>
<td>3</td>
</tr>
<tr>
<td>Auditing</td>
<td>4.78</td>
<td>0.41</td>
<td>4</td>
<td>4.79</td>
<td>0.41</td>
<td>4</td>
</tr>
<tr>
<td>Budgeting and Financial Control</td>
<td>4.75</td>
<td>0.43</td>
<td>5</td>
<td>4.74</td>
<td>0.44</td>
<td>5</td>
</tr>
<tr>
<td>Taxation</td>
<td>4.52*</td>
<td>0.79</td>
<td>6</td>
<td>4.72</td>
<td>0.48</td>
<td>6</td>
</tr>
<tr>
<td>Accounting Theory</td>
<td>3.70*</td>
<td>1.07</td>
<td>7</td>
<td>3.56</td>
<td>1.02</td>
<td>7</td>
</tr>
<tr>
<td>International Accounting</td>
<td>3.66*</td>
<td>0.80</td>
<td>8</td>
<td>3.49</td>
<td>0.80</td>
<td>8</td>
</tr>
<tr>
<td>Research Methods in Accounting</td>
<td>2.89*</td>
<td>1.07</td>
<td>9</td>
<td>2.60</td>
<td>0.80</td>
<td>10</td>
</tr>
<tr>
<td>Social accounting</td>
<td>2.57</td>
<td>0.83</td>
<td>10</td>
<td>2.63</td>
<td>0.86</td>
<td>9</td>
</tr>
<tr>
<td>Government Accounting</td>
<td>1.74</td>
<td>0.75</td>
<td>11</td>
<td>1.74</td>
<td>0.76</td>
<td>11</td>
</tr>
<tr>
<td>Estate Accounting</td>
<td>1.46</td>
<td>0.51</td>
<td>12</td>
<td>1.49</td>
<td>0.51</td>
<td>12</td>
</tr>
</tbody>
</table>

Notes: (1) Kruskal-Wallis (H-Statistic), (2) * Significant difference among three groups at (P< .01), (3) $\chi^2$ = Chi-Square value
Views of the interviewees are also in agreement with the above results. In particular, they stressed the importance of including computing subjects in accounting programs and pointed out that no accountant in the modern business environment could operate successfully without being competent in using up-to-date computer software in carrying out various accounting functions. Similarly, a very high degree of importance has been attached to cost and management accounting by all respondents and sub-groups in their ranking. In this regard, many interviewees expressed their concern that Sri Lankan accounting education has been excessively oriented towards financial accounting and auditing while inadequate attention being devoted to managerial accounting. More specifically, they were critical of the heavy emphasis being placed in accounting programs on the technical, legal and procedural aspects of financial accounting. They also mentioned several deficiencies in the curricula of accounting programs used in Sri Lanka and expressed their dissatisfaction with the existing system of designing accounting programs and curricula only by accounting educators or institutions responsible for offering those programs without consultation with industry, commerce and government in the country. According to them, such consultation with suitable professionals representing the above sectors is necessary because, as a result of their experience and awareness of what is expected of accountants operating in industry, commerce and government, they have a better understanding of what should be covered in an accounting program.

8.8 THE IMPORTANCE OF OTHER BUSINESS RELATED SUBJECTS

As a part of the previous question, the respondents were asked to rate the importance of other business related subjects (Group B) in accounting programs. Based on the same rating scale and statistical measures, the results are presented in Table 8.16. The subjects are listed in this table in the order of their importance as identified by all
respondents. The asterisk in the first column indicates that there is a statistically significant difference at the 0.05 level between response groups for that subject. The means greater than 3 indicate that all the subjects listed in the table have been identified by all respondents as important subjects for an accounting program. Among them, the following subjects representing a mean greater than 4 can be considered to be the most important:

- Management Information Systems
- Financial Management
- Economics
- Business Management
- Quantitative Techniques
- Business Law
- Business Communication

The accounting practitioners’ ranking of business related subjects is quite similar to the above. However, the academics have assigned number 2 to Financial Management as against number 6 of CEOs. A similar disagreement is seen between academics and CEOs in respect of Quantitative Techniques, with the assignment of numbers 4 and 8 respectively. Moreover, CEOs have assigned ranking number 3 to Marketing possibly because of their greater concern for marketing as a strategy for achieving success in business. However, according to Table 8.16, the variation in the means of importance between groups for business related subjects is quite small, indicating that there is general agreement among respondents about the importance of those subjects for accounting programs.
### Table 8.16
Importance of other business related subjects

<table>
<thead>
<tr>
<th></th>
<th>All Respondents</th>
<th>Practitioners</th>
<th>Academics</th>
<th>CEOs</th>
<th>F-Value</th>
<th>( \chi^2 )</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean  STD  Rank</td>
<td>Mean  STD  Rank</td>
<td>Mean  STD  Rank</td>
<td>Mean  STD  Rank</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management Information systems</td>
<td>5.00  0.07  1</td>
<td>4.99  0.08  1</td>
<td>5.00  0  1</td>
<td>5.00  0  1</td>
<td>0.18</td>
<td>0.00</td>
</tr>
<tr>
<td>Financial Management</td>
<td>4.97*  0.20  2</td>
<td>4.99  0.12  2</td>
<td>5.00  0  2</td>
<td>4.80  0.52  6</td>
<td>8.88</td>
<td>1.05</td>
</tr>
<tr>
<td>Economics</td>
<td>4.94  0.24  3</td>
<td>4.96  0.20  3</td>
<td>4.83  0.38  3</td>
<td>5.00  0  2</td>
<td>5.06</td>
<td>1.60</td>
</tr>
<tr>
<td>Business Management</td>
<td>4.63  0.71  4</td>
<td>4.59  0.77  4</td>
<td>4.67  0.53  5</td>
<td>4.89  0.32  4</td>
<td>1.50</td>
<td>1.22</td>
</tr>
<tr>
<td>Quantitative Techniques</td>
<td>4.44*  0.63  5</td>
<td>4.43  0.61  5</td>
<td>4.77  0.43  4</td>
<td>3.95  0.71  8</td>
<td>11.34</td>
<td>15.06</td>
</tr>
<tr>
<td>Business Law</td>
<td>4.35*  0.67  6</td>
<td>4.25  0.65  7</td>
<td>4.47  0.70  6</td>
<td>4.89  0.46  5</td>
<td>9.20</td>
<td>16.85</td>
</tr>
<tr>
<td>Business Communication</td>
<td>4.30  0.74  7</td>
<td>4.33  0.77  6</td>
<td>4.22  0.72  7</td>
<td>4.20  0.52  7</td>
<td>0.51</td>
<td>1.87</td>
</tr>
<tr>
<td>Marketing</td>
<td>3.82*  0.79  8</td>
<td>3.59  0.75  9</td>
<td>4.12  0.33  8</td>
<td>5.00  0  3</td>
<td>44.87</td>
<td>54.01</td>
</tr>
<tr>
<td>Human Resource</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management</td>
<td>3.51  0.91  9</td>
<td>3.77  0.85  8</td>
<td>2.58  0.50  10</td>
<td>3.16  0.76  9</td>
<td>34.88</td>
<td>49.37</td>
</tr>
<tr>
<td>Money and Banking</td>
<td>3.10*  0.70  10</td>
<td>3.19  0.70  10</td>
<td>2.92  0.55  9</td>
<td>2.85  0.81  10</td>
<td>3.74</td>
<td>6.99</td>
</tr>
</tbody>
</table>

Notes: (1) Kruskal -Wallis (H- Statistic), (2) * Significant difference among three groups at (P< .05), (3) \( \chi^2 \) = Chi-Square value
While indicating the importance of including other above subjects in an accounting program, many interviewees emphasised that the accounting program should also include subjects and other components which could develop students’ intellectual and generic skills and attitudes such as clear expression of ideas both verbally and in writing, ethical thinking and behavior, inter-personal relations, research and investigation, problem solving and decision making.

8.9 MINIMUM QUALIFICATION NEEDED TO BECOME AN ACCOUNTANT
The questionnaire carried a specific question for obtaining the respondents’ opinion on the minimum qualification required for a person to become an accountant. Nearly 85 percent of the respondents believed that a professional qualification like ACA, ACMA or ACCA would be necessary for a person to become an accountant. This supports the fact that in many other countries such as USA, Canada, UK, Australia, New Zealand and Singapore the accounting profession is primarily made up of professionally qualified accountants. The only difference is that the education required for producing accountants in these countries is a responsibility of universities and only the continuing professional education (CPE) is provided by professional accounting bodies. By contrast, both accounting education and CPE in Sri Lanka are expected to be provided by professional accounting bodies and the university accounting education is not given professional recognition.

8.10 ACCOUNTING EDUCATION BY UNIVERSITIES
The last question in the first section of the questionnaire was on the issue of providing accounting education by universities in Sri Lanka. The initial question on this was posed as follows:
In many other countries such as Canada, U.S.A., Germany, Australia, New Zealand, China, Singapore and Korea, it is the university that provides education necessary for producing doctors, engineers, lawyers, architects and accountants. In the case of providing education for prospective accountants, university accounting courses are assessed and accredited by professional bodies in those countries. Do you think that such a system is appropriate for Sri Lanka as well?

Approximately 95 per cent of the respondents answered positively to this question. However, several respondents included additional comments and observations to qualify their answer. The main comments and observations are summarised below:

- A four-year program of studies leading to a bachelor’s degree in accounting is offered by only one university in Sri Lanka (i.e. the University of Sri Jayewardenepura). Such programs should be established in several other universities to expand university education in accounting.

- Both the university and the professional body ought to improve their educational facilities for accounting students.

- More academically and professionally qualified staff are needed for accounting education in universities.

- Maintaining close co-operation and rapport with industry, business and professional accounting bodies is important for universities to make their accounting programs more relevant to professional needs.

8.11 OBSTACLES TO THE DEVELOPMENT OF ACCOUNTING EDUCATION IN SRI LANKA

As in many other developing countries, there have been many obstacles to the development of accounting education in Sri Lanka. In order to obtain the views of accounting practitioners, academics and CEOs on these obstacles, the section two of the questionnaire provided a list of 29 possible obstacles requesting the respondents to rate their impact on the development of accounting education in the country. A Likert 1-5 scale ranging from “least important” to “most important” was utilised for this purpose. Table 8.17 presents the results. The obstacles are listed in this table in the order of their importance as perceived by all respondents. The overall results indicate that all the obstacles listed in the questionnaire have been viewed by all respondents as
having some degree of negative impact on the development of accounting education in Sri Lanka. The results were tested for differences in responses between groups of respondents using parametric and non-parametric one way ANOVA. The asterisks in the first column of the table indicate that there is a significant difference (at the 0.05 level) between groups. The table shows that while 28 items representing a mean greater than 3 have been identified by all respondents as serious obstacles to the development of accounting education in Sri Lanka, based on their means greater than 4, the following eleven items can be considered to be the most serious among them:

- Lack of locally produced accounting text books
- Lack of tutorial classes or ineffective ways of conducting tutorial classes
- Lack of research in accounting by academics and practitioners
- Lack of coordination between institutions providing accounting education
- Lack of computer facilities for accounting students
- Excessive emphasis on technical/procedural aspects and inadequate attention to analytical/theoretical aspects in accounting courses
- Difficulty of attracting adequately qualified persons for teaching positions in accounting due to comparatively low salaries
- Lack of sufficiently qualified instructors and academics in accounting
- Excessively heavy examination orientation in accounting education
- Inappropriate accounting curriculum
- Lack of research skills in accounting students
Table 8.17
Obstacles to the development of accounting education in Sri Lanka

<table>
<thead>
<tr>
<th>Obstacle</th>
<th>All Respondents</th>
<th>Practitioners</th>
<th>Academics</th>
<th>CEOs</th>
<th>F-Value</th>
<th>$\chi^2$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of locally produced accounting text books</td>
<td>4.83 0.38 1</td>
<td>4.84 0.37 1</td>
<td>4.84 0.37 1</td>
<td>4.75 0.44 3</td>
<td>0.48</td>
<td>0.41</td>
</tr>
<tr>
<td>Lack of tutorial classes or ineffective ways of conducting tutorial classes</td>
<td>4.57 0.73 2</td>
<td>4.54 0.73 3</td>
<td>4.61 0.80 4</td>
<td>4.79 0.54 1</td>
<td>1.08</td>
<td>1.92</td>
</tr>
<tr>
<td>Lack of research in accounting by academics and practitioners</td>
<td>4.50 0.72 3</td>
<td>4.48 0.78 6</td>
<td>4.53 0.56 5</td>
<td>4.63 0.50 4</td>
<td>0.41</td>
<td>0.23</td>
</tr>
<tr>
<td>Lack of coordination between institutions providing accounting education</td>
<td>4.49 0.52 4</td>
<td>4.48 0.53 5</td>
<td>4.70 0.47 3</td>
<td>4.13 0.35 13</td>
<td>6.29</td>
<td>9.45</td>
</tr>
<tr>
<td>Lack of computer facilities for accounting students</td>
<td>4.39* 0.81 5</td>
<td>4.62 0.50 2</td>
<td>3.45 1.12 23</td>
<td>4.21 0.92 11</td>
<td>39.62</td>
<td>28.35</td>
</tr>
<tr>
<td>Excessive emphasis on technical procedural aspects and inadequate attention to analytical/theoretical aspects in accounting courses</td>
<td>4.39 1.00 6</td>
<td>4.54 0.98 4</td>
<td>3.56 0.88 21</td>
<td>4.78 0.43 2</td>
<td>18.09</td>
<td>23.55</td>
</tr>
<tr>
<td>Difficulty of attracting adequately qualified persons for teaching positions in accounting due to comparatively low salaries</td>
<td>4.36 0.76 7</td>
<td>4.24 0.81 7</td>
<td>4.78 0.42 2</td>
<td>4.50 0.61 5</td>
<td>8.20</td>
<td>12.44</td>
</tr>
<tr>
<td>Lack of sufficiently qualified instructors and academics in accounting</td>
<td>4.15 0.71 8</td>
<td>4.16 0.76 8</td>
<td>4.17 0.56 10</td>
<td>4.05 0.65 15</td>
<td>0.23</td>
<td>0.75</td>
</tr>
</tbody>
</table>

Notes: (1) Kruskal-Wallis (H-Statistic), (2) * Significant difference (P< .05), (3) $\chi^2$ = Chi-Square value.
## Table 8.17

### Obstacles to the development of accounting education in Sri Lanka

<table>
<thead>
<tr>
<th>Obstacle</th>
<th>All Respondents</th>
<th>Practitioners</th>
<th>Academics</th>
<th>CEOs</th>
<th>F-Value</th>
<th>$\chi^2$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excessively heavy examination orientation in accounting education</td>
<td>Mean 4.10, STD 1.19</td>
<td>Mean 4.00, STD 1.22</td>
<td>Mean 4.33, STD 1.12</td>
<td>Mean 4.45, STD 1.00</td>
<td>7.13</td>
<td>3.25</td>
</tr>
<tr>
<td>Inappropriate accounting curriculum</td>
<td>Mean 4.01*, STD 1.21</td>
<td>Mean 4.12, STD 1.29</td>
<td>Mean 3.78, STD 0.64</td>
<td>Mean 3.45, STD 0.83</td>
<td>24.74</td>
<td>20.94</td>
</tr>
<tr>
<td>Lack of research skills of accounting students</td>
<td>Mean 4.00*, STD 1.00</td>
<td>Mean 3.82, STD 1.04</td>
<td>Mean 4.50, STD 0.70</td>
<td>Mean 4.45, STD 0.60</td>
<td>9.79</td>
<td>16.12</td>
</tr>
<tr>
<td>Inadequate recognition of university accounting degree by the professional body</td>
<td>Mean 3.89, STD 0.79</td>
<td>Mean 3.95, STD 0.84</td>
<td>Mean 3.83, STD 0.61</td>
<td>Mean 3.55, STD 0.60</td>
<td>23.74</td>
<td>3.54</td>
</tr>
<tr>
<td>Lack of critical thinking skills and divergent views among accounting students</td>
<td>Mean 3.88*, STD 0.84</td>
<td>Mean 3.82, STD 0.84</td>
<td>Mean 3.86, STD 0.83</td>
<td>Mean 4.35, STD 0.75</td>
<td>8.54</td>
<td>6.23</td>
</tr>
<tr>
<td>Non-availability of a credit transfer system among institutions.(Hence many students spend time and money studying the same subjects at the same level in several institutions)</td>
<td>Mean 3.87, STD 0.64</td>
<td>Mean 3.81, STD 0.66</td>
<td>Mean 3.92, STD 0.60</td>
<td>Mean 4.25, STD 0.44</td>
<td>10.35</td>
<td>5.71</td>
</tr>
<tr>
<td>Accounting academics are often occupied in other activities to supplement their incomes and do not have time for adequate class preparation</td>
<td>Mean 3.84, STD 0.87</td>
<td>Mean 3.79, STD 0.91</td>
<td>Mean 3.89, STD 0.72</td>
<td>Mean 4.11, STD 0.74</td>
<td>11.74</td>
<td>2.04</td>
</tr>
</tbody>
</table>

Notes: (1) Kruskal-Wallis (H-Statistic), (2) * Significant difference (P< .05), (3) $\chi^2$ = Chi-Square value.
### Table 8.17

Obstacles to the development of accounting education in Sri Lanka

<table>
<thead>
<tr>
<th>Obstacle</th>
<th>All Respondents</th>
<th>Practitioners</th>
<th>Academics</th>
<th>CEOs</th>
<th>F-Value</th>
<th>$\chi^2$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of understanding among decision makers and planners of the importance of accounting education to country's economic development programs</td>
<td>3.82 0.80 16</td>
<td>3.90 0.77 12</td>
<td>3.78 0.83 17</td>
<td>3.25 0.72 25</td>
<td>6.32</td>
<td>11.11</td>
</tr>
<tr>
<td>Insufficient incentives and facilities to encourage accounting academics and practitioners for producing local textbooks and other educational materials</td>
<td>3.82 0.64 17</td>
<td>3.88 0.63 13</td>
<td>3.58 0.71 20</td>
<td>3.79 0.54 18</td>
<td>2.99</td>
<td>3.45</td>
</tr>
<tr>
<td>Lack of coordination and cooperation between educational institutions and other institutions such as Chamber of Commerce, Stock Exchange, IRD and ICASL regarding curriculum development in accounting courses</td>
<td>3.81* 0.98 18</td>
<td>3.63 1.01 21</td>
<td>4.31 0.67 8</td>
<td>4.32 0.75 9</td>
<td>10.39</td>
<td>17.04</td>
</tr>
<tr>
<td>Not conducting workshops and seminars for accounting students</td>
<td>3.71 0.79 19</td>
<td>3.65 0.85 20</td>
<td>3.86 0.60 13</td>
<td>3.95 0.51 16</td>
<td>1.96</td>
<td>1.42</td>
</tr>
<tr>
<td>Poor quality of teaching in accounting programs</td>
<td>3.64* 0.71 20</td>
<td>3.55 0.70 23</td>
<td>3.71 0.67 18</td>
<td>4.15 0.59 12</td>
<td>6.93</td>
<td>11.28</td>
</tr>
<tr>
<td>Inadequate accounting libraries and other educational resources in educational and professional institutions</td>
<td>3.62* 0.69 21</td>
<td>3.84 0.55 14</td>
<td>3.16 0.81 24</td>
<td>2.90 0.45 27</td>
<td>34.04</td>
<td>42.11</td>
</tr>
</tbody>
</table>

Notes: (1) Kruskal-Wallis (H-Statistic), (2) * Significant difference (P< .05), (3) $\chi^2$ = Chi-Square value.
Continued Table 8.17.

Obstacles to the development of accounting education in Sri Lanka

<table>
<thead>
<tr>
<th></th>
<th>All Respondents</th>
<th>Practitioners</th>
<th>Academics</th>
<th>CEOs</th>
<th>F-Value</th>
<th>( \chi^2 )</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean  STD  Rank</td>
<td>Mean  STD  Rank</td>
<td>Mean  STD  Rank</td>
<td>Mean  STD  Rank</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inappropriate text books and other</td>
<td>3.59  0.99  22</td>
<td>3.40  0.99  25</td>
<td>4.19  0.71  9</td>
<td>3.85  0.99  17</td>
<td>11.11</td>
<td>19.09</td>
</tr>
<tr>
<td>teaching materials used in accounting</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>courses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inadequate efforts and facilities</td>
<td>3.59  1.04  23</td>
<td>3.76  1.08  19</td>
<td>2.73  0.60  28</td>
<td>3.61  0.61  22</td>
<td>11.83</td>
<td>21.22</td>
</tr>
<tr>
<td>aimed at improving the English</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>proficiency of accounting students</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Use of ineffective teaching methods</td>
<td>3.57  0.77  24</td>
<td>3.56  0.77  22</td>
<td>3.56  0.88  22</td>
<td>3.70  0.57  20</td>
<td>0.29</td>
<td>0.13</td>
</tr>
<tr>
<td>and outdated software in computer</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>training programs for accounting</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>students/accountants</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lack of commitment and interest</td>
<td>3.57  0.64  25</td>
<td>3.51  0.65  24</td>
<td>3.69  0.52  19</td>
<td>3.75  0.72  19</td>
<td>2.08</td>
<td>3.46</td>
</tr>
<tr>
<td>among accounting academics</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not providing extra hours by</td>
<td>3.21  0.96  26</td>
<td>3.32  0.96  26</td>
<td>2.56  0.88  27</td>
<td>3.65  0.49  21</td>
<td>12.81</td>
<td>19.06</td>
</tr>
<tr>
<td>accounting lecturers for student</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>consultations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Poor attention given to the sense of</td>
<td>3.18  0.99  27</td>
<td>3.15  0.97  27</td>
<td>2.83  1.00  26</td>
<td>2.45  0.76  29</td>
<td>9.83</td>
<td>17.25</td>
</tr>
<tr>
<td>logic development of accounting students</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ineffective teaching methods used</td>
<td>3.10  0.75  28</td>
<td>3.14  0.83  28</td>
<td>2.94  0.53  25</td>
<td>3.10  0.31  26</td>
<td>0.96</td>
<td>1.31</td>
</tr>
<tr>
<td>by accounting lecturers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inappropriate accounting syllabus used</td>
<td>2.75  0.67  29</td>
<td>2.88  0.53  29</td>
<td>2.36  0.93  29</td>
<td>2.45  0.76  28</td>
<td>12.24</td>
<td>8.34</td>
</tr>
<tr>
<td>for the G.C.E.(Advanced Level) examination</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes: (1) Kruskal-Wallis (H-Statistic), (2) * Significant difference \( P< .05 \), (3) \( \chi^2 \) = Chi-Square value.
It is evident from the table that all the three groups of respondents have equally rated the above items as the most serious obstacles to the development of accounting education in Sri Lanka. Nevertheless, some of these obstacles have been ranked differently by sub-groups. For example, the academics have placed a relatively heavier emphasis on the following two obstacles: (a) lack of coordination and cooperation between educational institutions and other institutions such as Chamber of Commerce, Stock Exchange, IRD and ICASL regarding curriculum development in accounting courses; and (b) inappropriate text books and other teaching materials used in accounting courses. By contrast, CEOs have given a similar high ranking to the lack of critical thinking skills and divergent views among accounting students. Both accounting practitioners and academics, on the other hand, have identified the lack of locally produced accounting textbooks as the most serious obstacle by ranking it as number one. Also, these two groups of respondents seem to have held similar views on the lack of coordination between institutions providing accounting education.

In addition to the above, the non-availability of a credit transfer system among institutions was shown as a major obstacle by many respondents at their interviews. They pointed out that the lack of a credit transfer system has caused severe handicap forcing accounting students to spend time and money studying the same subjects and taking examinations at the same level in several institutions. Even when compared with some of the other developing countries, this drawback seems more acute in Sri Lanka. Similarly, the lack of accounting research by academics and practitioners was viewed by several interviewees as another major drawback in the system. The high ranking given by all respondents in the questionnaire survey confirms this view.
Although, as the last item in the questionnaire, the respondents were also asked to list any other accounting education deficiencies or problems that were not covered in the survey nothing new was added by them other than providing further comments on some of the aspects already discussed in this chapter.

8.12 SUMMARY

An analysis of the data and information collected through the questionnaire survey and interviews was presented in this chapter. The analysis was divided into two sections. The first section provided a demographic description of the respondents. A descriptive statistical analysis covering main issues addressed in the survey was presented in the second section. Deficiencies junior accountants, reasons for not having good quality of accounting education, seriously lacking personal characteristics of junior accountants, factors contributing to the high failure rates of professional examinations and obstacles to the development of accounting education in Sri Lanka were among the topics covered in the analysis.
INTRODUCTION
As mentioned in Chapter one, although there has been much criticism that accounting education in Sri Lanka from its inception has not been able to produce competent accountants adequately to meet the economic development needs of the country no systematic research had been done in the past to verify the validity of this criticism. Therefore, the present study attempted to fill this gap by providing an analysis of the nature and deficiencies of accounting education in Sri Lanka on the basis of a review of secondary data obtained from existing sources and a survey of independent views of accounting academics, practitioners and chief executive officers working in various organisations in the country.

As the initial step in this project, the relevant literature was reviewed in Chapter 2 to get an insight into the works of other researchers who have examined accounting education issues in developing countries. Then, to place the study in proper context, an overview of the economy and the historical development of accounting education in Sri Lanka was presented. On the basis of the information and data collected from various sources a detailed analysis of the current status of professional and university level accounting education was provided in two chapters. Furthermore, for the purpose of gaining some understanding of the remedial steps taken by a few other countries which had similar colonial background and accounting education problems, the development of accounting education at the university and professional levels in Singapore, Malaysia and New Zealand was briefly reviewed. Finally, as the major part
of this research, a questionnaire survey and face-to-face interviews were conducted for obtaining the views of accounting academics, practitioners and CEOs on the country's accounting education problems and related matters. A statistical analysis of the survey results was presented in the preceding chapter.

The main purpose of this last chapter is to discuss the findings on the basis of both the survey results and the other information and data collected and analysed in previous chapters and to present the conclusions of the study. In light of the findings and conclusions, this chapter also attempts to make some recommendations for mitigating the problems and enhancing the development of accounting education in the country.

9.1 DISCUSSION OF THE FINDINGS

The discussion in this section is based on the data and information analysed in Chapters 3-6 and the statistical analysis of the survey results presented in Chapter 8. Since the above chapters have provided detailed analyses with the relevant references on various features and issues of accounting education in Sri Lanka, this discussion is confined to the important aspects of the findings.

9.1.1 Inadequate supply of accountants

It is common knowledge that for a person to be recognised as an accountant he or she must be both academically and professionally competent in the field of accounting. The membership of a professional accounting body is regarded as a testimony of this academic and professional competence. Therefore, it is generally accepted in the business world that a qualification awarded by a professional accounting body is mandatory for an accountant. This is consistent with one of the survey results presented in the preceding chapter, which indicated that nearly 85 per cent of the respondents
believed that a professional qualification like ACA, ACMA or ACCA would be necessary for a person to become an accountant. However, it is obvious from the statistics provided in Chapter 4 that the number of professionally qualified accountants in Sri Lanka is too small. As revealed in the above chapter, during the 37 years of its existence the Institute of Chartered Accountants of Sri Lanka (ICASL) has been able to produce only 1,759 accountants with an annual supply as low as 48. Since 597 of these accountants have left the country for foreign employment and migration purposes, the actual number of locally qualified accountants working in Sri Lanka was only 1,162 in 1996 (ICASL, 1996). Even when the accountants with British qualifications such as ACMA and ACCA are added to this figure, the total number of professionally qualified accountants working in the country is only around 2,000. For a country with 18 million people, this seems grossly inadequate to sustain economic development. By contrast, Australia with a population similar to that of Sri Lanka has over 100,000 professionally qualified accountants. Furthermore, Singapore with only 2.9 million people has nearly 8,000 professionally qualified accountants. Thus, the above statistics support the criticism that accounting education in Sri Lanka has not been able to produce accountants sufficiently for the country.

9.1.2 Excessively high failure rates at professional examinations

The inadequate supply of accountants in Sri Lanka can be attributed, at least partly, to the excessively high failure rates of students at their professional examinations. It is evident from the statistics published by the ICASL that the failure rates at different parts of these examinations have been as high as 77-96 per cent (ICASL, 1994). According to the respondents who participated in the questionnaire survey of this study (Table 8.14), the inadequacy of teaching facilities, the lack of knowledge on the theoretical aspects of accounting, and the lack of proper supervision of students by ICASL have been the
most important reasons for such poor results at these examinations. From its inception, the ICASL has been the only institution recognised for providing education and training to prospective accountants. However, the ICASL is not a full-fledged educational institution like a university or technical college. It does not have a full-time teaching staff and other educational facilities which can be utilised for providing services to meet the different needs of students. Naturally, the educational facilities of a professional accounting body like the ICASL are very much less than those of a university. Consequently, the time devoted to lectures, tutorials, assignments, subject matter coverage and the individual supervision of students at the ICASL is also very much less than those of a university. Moreover, since the study program of the professional accounting body is heavily examination-oriented, it is natural that relatively little attention is paid to the theoretical aspect of the subject matter. As such, the above findings on the factors contributing to the excessively high failure rates at professional accounting examinations can be considered realistic.

9.1.3 Deficiencies of junior accountants

All the accounting practitioners and CEOs who participated in the survey of this study have responded positively to the question whether they have observed any deficiencies in their junior accountants. In line with this observation, they have also indicated several areas of deficiencies. According to their ratings, the most serious deficiencies of junior accountants have been found to be in the following areas: knowledge of using computers in accounting, critical thinking and divergent views, knowledge of English, report writing skills, interpersonal relations, research/investigation skills, creative and innovative ideas, ethical attitudes and behaviour, and desire and efforts for professional development.
The above observation of deficiencies in junior accountants is consistent with the criticism that accounting education in Sri Lanka has not been so successful in producing competent accountants needed for the country. Furthermore, most of the above deficiencies of junior accountants can be considered, to a great extent, as an outcome of the inappropriate system of accounting education and training used for producing accountants. The ICASL has been providing to its student members only a refresher course-type short program of studies on part-time basis and, therefore, the students have to prepare for their professional examinations mostly on self-study basis and private tuition. Obviously, such a system of accounting education cannot be expected to help students sufficiently in improving knowledge and developing skills particularly in areas such as using computers for accounting functions, critical thinking and divergent views, interpersonal relations, research/investigation skills, creative and innovative ideas and ethical attitudes and behaviour.

Similarly, it has been revealed at the interviews that most accountants seem to consider their professional accounting qualification as a 'life-time qualification'. This means that once they have completed their studies and obtained the professional qualification they tend to hold the opinion that they do not need any further studies for the rest of their professional career. More specifically, when responding to the questionnaire many non-graduate accountants have attached much less importance to the concept of continuing professional education (CPE). This may be attributable, at least partly, to their lack of proper education and guidance on the importance of CPE. However, the lack of attention of accountants to the concept of CPE is undoubtedly a factor contributing to their deficiencies.

Another reason for both the excessively high failure rates of students at professional examinations and the deficiencies of junior accountants appears to have
been associated with the quality of students aspiring to become accountants. Since university admission in Sri Lanka is extremely competitive, students who obtain the highest aggregate marks in the commerce stream at the GCE (Advanced Level) examination invariably enter various university degree programs in areas such as accounting, commerce, and management. Therefore, the students who have not been able to obtain the high marks required for admission to a university are the ones who normally enrol for examinations of the ICASL and British professional accounting bodies. What is obvious from this situation is that it is the 'second grade' students who have been mostly attracted to the professional accounting education in Sri Lanka. In this regard, it is surprising to see, however, that although students who obtain the highest aggregate marks in the commerce stream at the GCE (Advanced Level) examination in the country are admitted to the four-year full-time degree program in accounting at the University of Sri Jayewardenepura the graduates who complete this program are not exempted from the examination requirement of the ICASL. Consequently, some of these accounting graduates seem to get diverted to non-accounting careers. It is a pity that the 'best brains' in the area of accounting education in the country are not sufficiently encouraged to enter the accounting profession. Clearly, if the quality of accounting students is low, its adverse effect on the quality of accountants in the country is inevitable.

9.1.4 Low quality of accounting education

As revealed in the previous chapter, all the three groups of participants in this research have indicated that the existing system of accounting education in Sri Lanka is of a low
quality. This provides another supporting evidence for the generally held view that accounting education in the country suffers from a number of serious weaknesses.

According to the views of all respondents (Table 8.12), the low quality of accounting education in Sri Lanka is attributed to the following important reasons: the non-existence of a continuing assessment system based on day-to-day performance of students, the lack of qualified teachers in accounting, the low level of reading due to inadequate knowledge of English, the lack of workshops and class discussions, the inadequate training in computer applications in accounting, the heavy examination orientation of accounting education, the lack of relevance of education to practice, the lack of a regular tutorial assignment system, the heavy dependence of accounting students on private tutories which are of poor quality, the limiting of most students' learning efforts to reading of lecture notes and preparing for examinations, the excessive emphasis of accounting study programs on technical and procedural aspects with less attention to analytical and problem solving areas, the lack of local text books and other publications, and the ineffective teaching methods.

Some of the reasons listed above show several serious weaknesses that have resulted from the outdated system of producing accountants solely by the professional bodies through part-time study programs and their own examinations. As discussed in detail in early chapters of this thesis, even after fifty years of independence Sri Lanka is still following the system that was in place when independence was achieved for this purpose. Under this system, even a comprehensive full-time accounting degree program offered by a university is not recognised by the ICASL for the purpose of granting provisional membership. In this regard, it is important to note that several countries such as Singapore, New Zealand and Australia, which were previously under British rule, have moved away from the colonial accounting education system by making use of their
universities and technical colleges to produce competent accountants in sufficient numbers for their countries. In these countries as well as in the United States and Canada, being consistent with the system followed in other professional fields such as medicine, engineering, law, agriculture and architecture, the professional accounting bodies make use of universities to provide education to accounting students under their accreditation arrangements. Accordingly, the professional bodies in such countries devote their concentration to the development of the accounting profession through the provision of services, supplementary professional study programs, seminars, workshops and other CPE facilities to their members. In the case of Sri Lanka, however, it may be that the professional accounting body purposely exerts control over the supply of accountants by limiting the membership only to those who complete its own examinations. Such a strategy may allow the professional body to maintain the 'status' of its members. As pointed out by Briston (1978), it is possible that the group of professionally qualified accountants who hold key positions in the local profession may have vested interest in perpetuating the accounting education system they followed, partly because of the high rewards it provides and partly because they are not prepared to admit that the system may no longer be relevant or adequate. However, since no study has investigated into this aspect to date it is not possible to provide any empirical evidence to support the above assertion.

Some of the weaknesses indicated by respondents as reasons for the low quality of accounting education are the inherent limitations of the refresher course-type educational programs conducted by the ICASL and private tutoories. In such educational programs, things such as non-existence of a continuing assessment system based on day-to-day performance of students, lack of workshops and class discussions, inadequate training in computer applications in accounting, heavy examination
orientation, lack of relevance of education to practice, lack of a regular tutorial assignment system, limiting of most students' learning efforts to reading of lecture notes and preparing for examinations, excessive emphasis on technical and procedural aspects of accounting with less attention to analytical and problem solving areas, and ineffective teaching methods are quite natural phenomena. As a matter of fact, it is not possible to avoid some of these limitations in such programs due to several reasons such as the limited time available, the lack of facilities, and the non-availability of a competent full-time academic staff. On the other hand, most of the above limitations are not found in the accounting degree program of a university.

Some of the weaknesses listed in Table 8.12, however, are not limited to the accounting programs of ICASL and private tutories. They are more or less common to all accounting programs in all institutions in Sri Lanka. In this regard, the lack of qualified teachers, the low level of reading due to inadequate knowledge of English, and the lack of local textbooks and other publications are particularly noteworthy. In the university system in Sri Lanka, unlike in most other disciplines, qualified teachers are extremely limited in the area of accounting. Consequently, universities depend, to a great extent, on the services of part-time teachers who work as visiting lecturers. Moreover, accounting academics holding master or doctoral degrees and professional qualifications are particularly in short supply. The major reason for this unhealthy situation seems to be the fact that universities have not taken any appreciable interest in setting up accounting departments and developing accounting degree programs mainly due to the non-recognition of university accounting degrees by the professional accounting body for the purpose of producing accountants. Still the only accounting degree program available in Sri Lanka is the one started in 1992 by the Department of Accounting and Finance at the University of Sri Jayewardenepura. As a result of this
situation, there has not been much enthusiasm and interest among accounting students to study for an academic career. Similarly, there have not been opportunities and facilities for junior academics to acquire higher degrees in accounting locally. What is apparent from the above situation is that even though Sri Lanka is parallel in many disciplines with many other educationally developed countries in the world, it is very much behind them in the area of accounting education.

In the case of ICASL and private tutorics, the problems pertaining to accounting teachers seem to be more acute. Since these institutions do not have a full-time academic staff, they depend entirely on the services of part-time or casual teachers who work on hourly or contract basis. These teachers are either retired persons or accountants and other professionals of other organisations who visit these institutions to conduct classes in evenings or during week-ends. Most of these teachers are not academically highly qualified even though they possess professional qualifications and experience in their respective disciplines. Partly because of the temporary nature of these appointments and the busy life they spend in the places of their permanent employment it is unlikely that most of the visiting lecturers have the adequate time and patience to prepare and teach their courses effectively and to pay individual attention to any specific needs of students. In fact, this assertion is consistent with the views expressed by several respondents at their interviews.

The low level of reading by students due to their inadequate knowledge of English and the lack of local textbooks and other publications have become basic problems for all accounting programs and institutions in Sri Lanka. Since English is taught in secondary schools only as a second language the knowledge of English among most tertiary-level students is low. There are hardly any tertiary level textbooks and other essential publications available in Sinhalese and Tamil which are the two main
media of instruction in the country. Non-availability of such publications in their medium of instruction is a major obstacle to the students who study accounting in one of the above two languages. Unfortunately, unlike in many other countries, accounting academics and professionals have not taken steps to produce textbooks particularly in Sinhalese which is the language spoken by over 75 per cent of the population. This is mainly due to the lack of incentives available for the writing and publication of textbooks in the country. However, because of the non-availability of textbooks in their medium of instruction and the difficulty of making use of publications available in the English language most of the students who study for ICASL examinations in Sinhalese depend almost entirely on lecture notes and other study materials provided by their lecturers. Except the students in the accounting degree program offered in English at the University of Sri Jayewardenepura, most of the students who study accounting subjects in other universities in Sinhalese also face the same problem. Although foreign textbooks published in English are available in libraries their inadequate knowledge of English discourages the Sinhalese or Tamil medium students to make use of such publications.

In addition to the above, as specifically pointed out by a considerable number of interviewees, the non-availability of local textbooks has caused two other problems for accounting education and practice in Sri Lanka. First, although lecturers use British and American textbooks for teaching and assessment purposes some of the subject matter covered in such textbooks written for developed Western countries are not relevant to Sri Lanka. For example, several aspects of the subject matter such as currency systems, taxation and company laws used in foreign textbooks on accounting and related subjects are different from those used in organisations in Sri Lanka. Moreover, most of the examples used and the tutorial exercises prescribed in those texts are not relevant to the
country due to the vast differences in cultural, social and economic conditions between Sri Lanka and the Western country for which the textbook has been written. Although many teachers try to make modifications to the examples and exercises used in foreign textbooks when using them for teaching and evaluation purposes such efforts, as pointed out by several respondents, have not produced a satisfactory solution to the above problem. Thus, this limitation has created a gap between what accounting students learn in classes and what they have to practice once they become accountants.

The other basic problem caused by the non-availability of local textbooks is the difficulty of implementing a comprehensive tutorial assignment system for students. Generally, university-level accounting programs in all educationally developed countries essentially use textbooks for various subjects and prescribe weekly tutorial assignments from questions, exercises and problems given at the end of each chapter in the prescribed textbook. Answers to these assignments are evaluated by tutors and a feedback is given to students regularly. Although this is a very useful element in accredited accounting education programs of many other countries, implementing such a system in the above manner has not been possible in Sri Lanka due to the non-availability of prescribed textbooks. Even though foreign textbooks written in English are available in libraries it is extremely difficult for a student to purchase such books because of their high prices. Furthermore, as pointed out earlier, most students who study accounting in their mother tongue are not able to use books written in English. Because of these reasons lecturers in accounting programs in general do not prescribe textbooks for their subjects but encourage students to take down notes while listening to lectures. Occasionally, they distribute handouts of notes on some selected topics. They also prepare handouts giving tutorial questions taken from various sources and
distribute them among students from time to time. However, according to the views of most interviewees, the actual operation of this system has not been very satisfactory.

9.1.5 Obstacles to the development of accounting education

Along with some of the weaknesses and limitations discussed in the preceding section, several other deficiencies in the system have been identified by respondents as serious obstacles to the development of accounting education in Sri Lanka (Table 8.17). These include the following: lack of locally produced accounting text books, lack of tutorial classes or ineffective ways of conducting tutorial classes, lack of research in accounting by academics and practitioners, lack of coordination between institutions providing accounting education, lack of computer facilities for accounting students, excessive emphasis on technical/procedural aspects and inadequate attention to analytical/theoretical aspects in accounting courses, difficulty of attracting adequately qualified persons for teaching positions in accounting due to comparatively low salaries, lack of sufficiently qualified teachers in accounting, excessively heavy examination orientation in accounting education, inappropriate accounting curriculum, and lack of research skills in accounting students. Since some of the above obstacles have already been discussed in the preceding section as reasons for the low quality of accounting education the discussion in this section is confined to the remaining obstacles.

Although research can contribute greatly to the development of accounting education and practice in any country accounting research is generally very limited in developing countries. Particularly in Sri Lanka, this appears to be a neglected area. Institutions, academics or professionals involved in accounting education and practice in the country have not added a significant research output to the accounting literature. The ICASL is basically not involved in research. Even in developed countries
accounting research is mostly done by university academics. Unfortunately, accounting academics in Sri Lanka do not seem to have taken any appreciable effort in this area. Several senior university academics who have the interest and ability in accounting research have left the country permanently for personal reasons. Junior academics do not get adequate guidance and financial support to be involved in research. The universities and the professional accounting body have also not taken any specific steps to encourage research in this area. Even the academic employment conditions in the university system are not very conducive to research. Once a person with a bachelor's degree is appointed to a position of lecturer, there is no strictly followed requirement that he or she should show a reasonable research output other than a postgraduate degree for confirmation or promotion to the level of a senior lecturer. However, without timely research it is not possible to correctly identify limitations in the existing system and to design suitable remedial measures. Moreover, up-to-date research findings are useful to accounting academics and students for making their teaching and learning more effective and relevant. As such, the lack of accounting research is undoubtedly a considerable obstacle to the development of accounting education in the country.

Another significant obstacle identified by respondents is the lack of coordination between institutions providing accounting education in the country. Healthy cooperation and coordination between institutions is essential for various purposes such as pooling scarce resources, avoiding unnecessary duplication, implementing an appropriate credit transfer system between institutions, making accounting educational programs more effective and relevant to practice, and implementing an accreditation scheme between universities and professional bodies. Such cooperation and coordination can be clearly seen in other educationally developed countries. For example, as discussed in Chapter 6, healthy cooperation and coordination
between the university and the professional bodies has helped them greatly in achieving the above purposes and producing competent accountants adequately for their countries. Although professional accounting education in Sri Lanka is primarily in the hands of the ICASL several other institutions such as universities, technical colleges, local branches of British professional bodies and private academies also conduct classes for both academic and professional qualifications in accounting. Unfortunately, no coordination seems to exist among these institutions. For example, university accounting academics or even deans or heads of business faculties are not represented in any educational committees of the ICASL. No consultations, or dialogues take place between institutions on curriculum development and other important aspects of accounting education. No accreditation arrangement has been made between universities and the ICASL. As pointed out by several interviewees, the lack of coordination between institutions is the major obstacle for eliminating most of the shortcomings discussed in this thesis.

The difficulty of attracting adequately qualified persons into the teaching profession in accounting due to comparatively low salaries has also been identified by respondents as another significant obstacle to the development accounting education. However, it should be noted that this situation is not peculiar to Sri Lanka as salaries of professional accountants are generally higher than those of academic accountants in many countries. In Sri Lanka, although academic salaries in universities and technical colleges have been increased from time to time they are still much lower than those of other professionals employed in industry and commerce. In particular, when compared with accounting academics experienced accounting professionals receive much higher remuneration and other benefits such as official cars and loan facilities with low interest. Furthermore, promotional opportunities and other future prospects are much lower for academics. Therefore, accounting graduates and professionally qualified accountants are usually reluctant to join the teaching profession.
Non-availability of a proper credit transfer system among institutions offering tertiary-level accounting programs has also been observed as another obstacle. Some of the subjects taught and examined in accounting programs of universities, technical colleges and the ICASL are quite identical in coverage and academic standard. But there is no proper system to enable a student who has successfully completed such a program in one institution to get credits for some of those subjects when enrolling for a similar program in another institution. For example, a student who has successfully completed the four-year Higher National Diploma in Accountancy (HNDA) program of the technical college is not given any credit (exemption) if the same student subsequently enrols in the university accounting degree program. Consequently, accounting students are forced to spend time and money studying the same subjects at the same level at different institutions. Since the ICASL does not accredit accounting degree programs and also does not provide a comprehensive study program for students who aspire to become professionally qualified accountants students attempt to study in more than one institution to prepare for the ICASL examinations. For example, a considerable number of students enrol for the ICASL examinations after studying accounting at both the university and the technical college. Thus, in the absence of a proper credit transfer system, studying the same subjects at the same level in different places is a waste of resources for the country and an unbearable burden and a cause of frustration for the accounting students. In other countries, proper credit transfer systems are in operation to take care of this type of situations. For example, in Australia a student who has successfully completed the two-year Associate Diploma in Accounting program of a TAFE institute (Technical College) is eligible to gain admission to a university accounting degree program with credit transfers for several subjects. This enables such a student to complete the accounting degree in a shorter period of time.
The excessive examination orientation has been a salient feature of all the accounting programs designed for preparing students for the ICASL and British professional examinations. Preparing students for such examinations seems to have been considered as the sole purpose of accounting education. Obviously, since the ICASL does not provide full-time study programs the concentration in its short courses is entirely on examinations. Similarly, the entire effort of private tutories offering part-time study programs for the ICASL and British professional examinations is to get better examination results for their students. Such results are necessary for those profit-oriented tutories to compete with each other for attracting more and more students into their programs. Teaching in most of these places focuses mainly on the past question papers of respective examinations. Therefore, students get into the habit of cramming rather than gaining the full comprehension of the subject matter. As such, in accounting classes conducted by the ICASL and private tutories students do not get opportunities to develop their intellectual and generic skills. This is evident, to some extent, from the finding cited earlier that junior accountants are seriously deficient in critical thinking and divergent views, creative and innovative ideas, ethical attitudes and behaviour, and interpersonal relations. The failure to provide opportunities for students to develop such skills is a serious shortcoming in the professional accounting education in Sri Lanka.

Along with the excessive examination orientation, another feature that has been clearly visible in professional accounting education in Sri Lanka is the heavy emphasis placed on the legal and auditing aspects and the technical or mechanical aspects of financial accounting with inadequate attention being devoted to managerial accounting. This is a result of direct copying of the old British system of accounting which had gained roots in Sri Lanka during the colonial period. Even after gaining independence Sri Lanka has continued to follow the same old system. Another reason for this situation
is the monopolistic position held by the professional accounting body in the country’s accounting education. Since the practical training to student members of the professional body was given mainly through the public accounting firms which were engaged primarily in auditing and taxation services of business enterprises the concentration of the entire training scheme was on these aspects of accounting. As pointed out by Perera (1975), practically trained accountants tend to eliminate from serious consideration all abstract and abstruse concepts of accounting, possibly because such complexities are not well received or understood by them. They are inclined to view accounting education with a more narrow perspective, and those who are trained under them will have the same attitude. Accordingly, even after fifty years of independence education and training of accountants under this narrow perspective is still continuing in the country. Another obstacle to the development of an effective system of accounting education in the country is the excessive dependence of local students on British professional examinations for obtaining professional accounting qualifications. As a legacy of the colonial system, British professional qualifications have been highly recognised throughout the history of accounting education in Sri Lanka. Even today, Sri Lankan students in large numbers enrol in external examinations of British professional bodies such as ICMA and ACCA. It is common knowledge that all these foreign professional examinations are based on the subject matter applicable to the British economy. Since the Sri Lankan economy is very much different from the British in many ways a considerable amount of the subject matter covered in those examinations is not relevant and useful to a Sri Lankan accountant. For example, some of the subjects like British Taxation and British Company Law are totally irrelevant. As Enthoven (1973) has pointed out, one should not assume that what might be good for a developed country will automatically be relevant and good for an emerging nation and
its development process. For accounting to be an effective contributor to the country's economic development, what prospective accountants study must be relevant to the social, political, legal, and economic conditions within which they are going to operate. As such, the accountants produced through studies and examinations based on a developed Western country are unlikely to be able to adapt themselves fully to contribute effectively towards meeting the different needs of the developing economy of Sri Lanka. Another detrimental outcome of the continuous heavy dependence on external examinations of the British professional accounting bodies is the annual outflow of a large amount of valuable foreign exchange from the country in the form of payments for registration and examination fees and cost of correspondence courses of foreign organisations. This is an unnecessary and unbearable burden to the developing economy of Sri Lanka. In addition, students have to pay exorbitant tuition fees to local tutories in preparing for these foreign examinations. In Sri Lanka which has gained reputation for its high quality education in many other fields such as medicine, engineering, agriculture and law it is most surprising and unfortunate that the accounting profession is still depending so heavily on considerably irrelevant foreign examinations for producing accountants for the country. On the other hand, in view of the excessively high failure rates of the local professional examinations and the non-recognition of accounting qualifications of universities and technical colleges for professional membership it is not surprising to see that many students prefer to enrol for foreign professional accounting examinations as external candidates even though it is a much more expensive alternative.

The above features of the heavily disorganised professional accounting education in Sri Lanka have resulted in the emergence of money-making private tuition classes in almost all urban areas in the country. These classes offer bulk tuition to
students who have enrolled in examinations of either the ICASL or the British professional bodies such as ICMA and ACCA. Some of the better organised tuition classes have become a source of additional income for professional accountants who work as lecturers in those classes during weak-ends or in the evening of week days. However, the teaching and other facilities provided in these classes are said to be of poor quality despite the high tuition fees charged from students.

The deficiencies, weaknesses and problems discussed in the preceding sections well demonstrate that most of them are attributed almost entirely to the outdated and inappropriate system of depending entirely on the examination-oriented education provided by the professional accounting body and private tutories for producing accountants for the country. Consequently, the system has failed to produce competent accountants adequately to meet the economic development needs of the country.

9.1.6 Deficiencies of the accounting curriculum

The information and data presented in Chapters 3-5 and the results of the questionnaire survey and interviews analysed in Sections 8.7 and 8.8 reveal that the accounting curriculum used for producing local accountants also suffers from some serious deficiencies.

One of the basic deficiencies seems to have resulted from the fact that the Institute of Chartered Accountants of Sri Lanka from its inception has continued to depend so heavily on the British model by designing its accounting curriculum to make it look almost like a replica of that of the Institute of Chartered Accountants of England and Wales. This is evident from the comparative curricula of the ICASL and the ICAEW presented in Table 4.15. This supports the generally held view that the accounting curriculum used for educating prospective accountants has not been based on the specific needs of the Sri Lankan economy. Accordingly, the primary objective
of accounting programs has been to equip students with the technical skills needed for the preparation and presentation of financial statements for external reporting purposes. Although the heavy emphasis placed on external reporting with its concentration on the legal, auditing and taxation aspects of accounting may be suitable for the British economy which has a developed share market it is much less important for the developing economy of Sri Lanka. At the same time, inadequate attention devoted to cost and management accounting is also visible in the ICASL curriculum. While only 10.5 per cent of the curriculum is devoted to these aspects of accounting a large proportion of what remains is devoted to the basic objectives and procedures of accounting and how to comply with the technical requirements for corporate accountability, legal compliance and auditing. Although all of these topics are agreed to be essential elements in accounting they are more of a preventive and detective character than directly supporting the development of entrepreneurial skills which is extremely important for the developing economy of Sri Lanka (Wijewardena and Yapa, 1998). Therefore, there is a need for shifting the emphasis from technically oriented financial accounting to analytical and decision making oriented cost and management accounting.

It has been reported by many respondents that the use of computers for carrying out various accounting functions is not adequately covered in the professional accounting curriculum in Sri Lanka. Since accounting functions are now carried out almost entirely with the use of computers if accountants are not fully equipped with the knowledge of computing they cannot be adequately useful to their organisations. Most of the accounting practitioners and CEOs who participated in the questionnaire survey have observed this as a serious deficiency in their junior accountants.
Another deficiency that has been visible in the Sri Lankan accounting curriculum is the non-inclusion of subjects and other components needed for enabling accounting students to develop their intellectual and generic skills. It is widely accepted today that employers operating in competitive environments need accountants with a broader vision of the world in addition to narrowly focused technical skills. Accordingly, steps have been taken in some countries to include a general education component also in the accounting curriculum. Similarly, essay writing based on systematic library research is considered an essential element of the accounting curriculum. Unfortunately, these aspects seem to have been totally ignored in the accounting curriculum in Sri Lanka.

As specifically pointed out by several interviewees, another major reason for the above deficiencies is the lack of consultation with industry and commerce in the process of curriculum development. Without trying to replicate the accounting curriculum of a developed Western country, if the specific needs of Sri Lankan employers were taken into consideration through adequate consultation with appropriate representatives of industry, commerce and government most of the above deficiencies could have been avoided.

9.2 CONCLUSIONS

From the findings of this study as discussed in the preceding section, several important conclusions have emerged. They are centred around the failure of accounting education in Sri Lanka to produce competent accountants sufficiently for the country and the factors that have contributed to such a situation. The summarised conclusions are given below:
(1) Based on the overall findings of this study, it can be concluded first that accounting education in Sri Lanka has not been able to produce competent accountants sufficiently for the country. Currently, the total number of accountants holding either a local or overseas professional qualification is estimated to be only around 2,000. When compared with the 18 million population and corresponding figures in other countries this is grossly inadequate for the country to meet its economic development needs.

(2) Along with the short supply, the quality of accountants produced in Sri Lanka appears to be considerably low at the time of their entry into the profession. This is evident from the fact that all the accounting practitioners and CEOs who participated in the questionnaire survey have observed that their junior accountants are significantly deficient in various important personal attributes which are universally recognised as necessary characteristics of a competent accountant. Thus, the negative criticism cited in conclusion (1) above is further confirmed by this observation.

(3) Being consistent with the above conclusions, the findings of the study also suggest that accounting education in Sri Lanka, particularly at the professional level, is of a low quality. This has been the view of all three groups of respondents in the survey. According to them, many deficiencies and shortcomings in the country’s accounting education system, as discussed in the preceding section, have contributed to this situation.

(4) Most of the deficiencies of junior accountants and the low quality of accounting education are apparently an outcome of the outdated system of producing accountants purely by a professional body through its own education program and
examinations. The respondents have observed that mainly due to the inherent weaknesses of the education system such as limited instruction through examination-oriented short courses, inadequate teaching facilities, and lack of full-time academic staff the quality has suffered greatly.

(5) The fact that students who have not been able to obtain high marks required for admission to university degree programs are the ones who normally enrol directly for the accounting professional examinations suggests that it is the ‘second grade’ students who are mostly attracted to the accounting profession in Sri Lanka. Furthermore, since students who enter the university accounting degree program with the highest aggregate marks in the commerce stream at the GCE (Advanced Level) examination and successfully complete a four-year full-time program of study are not exempted from the examination requirement of the professional accounting body (ICASL) some of them may get diverted to non-accounting careers. This suggests that the ‘best brains’ in the area of accounting education in the country are not sufficiently encouraged to enter the accounting profession. As such, if the quality of students aspiring to become accountants is low, its adverse effect on the quality of the accounting profession is inevitable.

(6) When compared with the population and the high level of education in other professional fields in the country the academic progress in the area of accounting is extremely low. While students in the other professional fields such as medicine, engineering, law, management, agriculture and architecture receive a high quality education through full-time programs of studies offered by universities, education for students aspiring to become accounting professionals has been confined almost entirely to the ICASL and private tutories. As a result, a comprehensive accounting degree is offered only by one university, which has so far produced
only about 400 for the whole country. This situation in Sri Lanka and the high level of accounting education achieved by many other countries as reported elsewhere in this thesis lead to the conclusion that the educational authorities and the university system in Sri Lanka have paid only scant attention to the area of accounting education.

(7) Non-recognition of the university accounting degree for professional membership is an indication that there is no noticeable coordination and cooperation between the university and the professional accounting body (ICASL). From the experiences of other countries it is apparent that such coordination and cooperation are essential for establishing and maintaining an accreditation scheme under which university accounting programs are evaluated and recognised by professional bodies. Even in Sri Lanka, such coordination and cooperation exist between universities and professional bodies in other professional fields.

(8) The heavy dependence of local students on British external examinations for obtaining professional accounting qualifications seems to have caused a number of problems for the country. More importantly, since these examinations and their syllabi are based on the aspects relevant to the British economy which is much different in cultural, social, legal and economic conditions of the two countries a considerable amount of the subject matter covered in studies leading to those examinations is not relevant and useful to a Sri Lankan accountant. This seems to have created a gap between education and practice. Another detrimental outcome of this system is the continuous outflow of a large amount of valuable foreign exchange from the country, causing an unnecessary and unbearable burden for the developing economy of Sri Lanka.
(9) Several limitations and problems discussed in this thesis suggest that a considerable amount of subject matter covered in all accounting programs offered in Sri Lanka is not relevant to the actual practice of accounting. As pointed out by respondents, in addition to the heavy dependence on foreign professional examinations and syllabi cited above and several other related factors, it seems that the use of British and American textbooks, cases, examples and exercises almost exclusively by local accounting academics due to non-availability of indigenous textbooks and the lack of consultation between accounting educators and professionals in industry, commerce and government also have given rise to this situation.

(10) Based on the evidence presented in this thesis on the nature of accounting programs offered by the ICASL and various private turotories, it can be concluded that professional accounting education in the country seems to be heavily examination-oriented. Since the focus of these short programs is almost entirely on examinations no efforts are made to develop analytical, intellectual and generic skills of students. This is apparent, to some extent, from the finding cited in the preceding section that junior accountants are seriously deficient in critical thinking and divergent views, creative and innovative ideas, ethical attitudes and behaviour, research and investigation skills, and interpersonal relations.

(11) Review of the accounting curriculum used for educating aspirant accountants suggests that it has placed heavy emphasis on financial accounting leading to external reporting with concentration on legal, auditing, taxation and technical or mechanical aspects of accounting with inadequate attention to managerial accounting. Although all the above aspects are essential elements in accounting
they are more of a preventive and detective character than directly supporting the development of entrepreneurial skills which are extremely important for the developing economy of Sri Lanka. Similarly, the curriculum does not include a general education or liberal arts component which is useful to give a broad based education to accounting students. These limitations support the criticism that accountants educated and trained under the old British system and hold decision making positions in the local professional body are inclined to view accounting education with a narrow perspective.

(12) As revealed at the interviews conducted by the researcher, many non-graduate accountants in Sri Lanka seem to hold the view that professional membership is a 'life-time qualification' and they do not need any further education to operate successfully throughout their careers. This may be attributable, at least partly, to their lack of proper education and guidance on the importance of continuing professional education (CPE). Nevertheless, it is seen that professional accounting bodies in educationally developed countries consider CPE as essential for accountants to make their knowledge and skills up-to-date. Accordingly, when compared with the ICASL professional accounting bodies in such countries seem to devote a much greater attention to CPE activities of their members.

(13) Non-availability of a proper credit transfer system among tertiary-level institutions is another deficiency in the country's accounting education. Consequently, some accounting students have to spend time and money studying the same subjects at the same level at different institutions. In Sri Lanka where free education exists this is a waste of resources for the country and an unbearable burden for such
students. In other educationally developed countries well organised credit transfer systems are in operation to take care of this type of problems.

(14) When most of the deficiencies and problems examined in this study are taken into consideration as a whole it can be concluded with reasonable accuracy that they are attributable largely to the continuous adoption of the old British system of producing accountants exclusively through the educational programs and examinations of professional accounting bodies. Although Sri Lanka and several other countries inherited this system of accounting education from the British during their colonial periods several countries such as Singapore, Malaysia and New Zealand, as shown in Chapter 6, have been able to move away from this inappropriate colonial legacy without delay by getting their universities to provide education for producing competent accountants sufficiently for their countries.

(15) Finally, from the findings of this study it is seen that accounting education in Sri Lanka has not been able to achieve its primary objective of producing competent accountants sufficiently for meeting the economic development needs of the country. Furthermore, it is obvious from the analysis of deficiencies and their causes as well as the successful experiences of several other countries that if Sri Lanka’s accounting education is to achieve the above objective successfully the professional accounting body must confine its education to the training and professional development activities of its members and get the country’s university system to concentrate fully on providing education to prospective accountants. This conclusion was supported by almost 95 per cent of the participants in the questionnaire survey when responding to a question whether such a change would be desirable.
9.3 RECOMMENDATIONS

Since the existing accounting education system in Sri Lanka has not been successful in achieving its primary objective of producing competent accountants adequately for the country this final section of the thesis attempts to present a set of recommendations in the form of remedial measures for eliminating most of the shortcomings and improving the system to be able to achieve the above objective.

For a country to progress economically, its accounting system should provide the required information timely and accurately to all parties involved in planning, implementing and controlling of economic activities in all sectors of the economy. To do this effectively, it is essential for the country's accounting education system to produce competent accountants in sufficient numbers. Furthermore, in today's complex and competitive economic environment accountants have to be competent not only academically and professionally but also intellectually. Similarly, for accountants to be effective contributors to economic development what they study during their education and training should be relevant to the social, political, legal and economic conditions of the country. Therefore, in order to maximise accounting's contribution to economic development of the country its educational resources must be utilised most efficiently to have a well coordinated comprehensive system of accounting education. Then only it can successfully achieve the objective of producing competent accountants in the above manner. The following recommendations are aimed to help in this process:

(a) When the deficiencies and problems discussed in this thesis and the successful remedial measures taken by several other countries, which had similar problems, economic conditions and colonial background, are taken into consideration it is obvious that Sri Lanka has to introduce a complete structural change into the existing accounting education system. Therefore, the most important
recommendation in this respect is that the professional accounting body (ICASL) must hand over the responsibility of educating prospective accountants to the country's university system and confine its educational activities to the training and professional development aspects of its members. In other words, the ICASL must accept the bachelor's degree in accounting under a well organised accreditation scheme for awarding provisional membership of the Institute and provide only professional-type education to provisional members in addition to being engaged in activities such as monitoring of provisional members' training, providing other professional services to members, providing continuing professional education (CPE) opportunities and taking other necessary steps for the development of the accounting profession. However, the process of this structural change may be paced out over a practically feasible period of time. Since only one university is currently offering a comprehensive accounting degree program a reasonable period of time is needed to extend such degree programs to other relevant universities in the country. Similarly, time may be needed to organise the necessary changes in the ICASL and develop a suitable program of professional education for provisional members. This program of professional education may comprise a variety of short courses and activities focused on enhancing provisional members' competencies in areas such as practical application of accounting techniques, research, problem-solving and analytical skills, personal and team skills, oral and written communication skills, and upholding ethical standards and integrity. Provisional members may pursue this professional education program during the third year of practical training or after completing the training. Based on the professional education program, a Professional Competency Examination should be conducted to assess the
performance of provisional members. Those who successfully complete the practical training and the professional competency examination will become eligible to apply for admission to membership as a Chartered Accountant.

(b) The proposed scheme needed to implement the above recommendation is diagrammatically illustrated in Appendix II. Accordingly, when the scheme is in full operation an adequate number of universities in the country are expected to be engaged in the process of offering full-time programs of study leading to a bachelor's degree in accounting. Similarly, these universities are expected to have adequately qualified academic staff with the majority of them working on full-time basis. Students for these degree programs are to be selected by the University Grants Commission (UGC) on the basis of their performance at the GCE (Advance Level) Examination. The accounting degree program of each university is required to be evaluated from time to time by the professional accounting body (ICASL) and be granted accreditation status in accordance with well designed guidelines and standards. Thus, the accredited accounting degrees should be recognised by the ICASL for awarding provisional memberships to graduates holding such degrees.

(c) For the purpose of preparing a detailed program of action and implementing the proposed scheme, a high powered committee representing appropriate personnel from the Ministries of Higher Education, Industries, Commerce and Trade, Finance and Planning and Public Administration, the University Grants Commission, and the ICASL should be set up. The committee may appoint sub-committees or other members where necessary. The committee may also make any necessary amendments to the proposed scheme within its basic framework.
(d) In order to minimise the waste of educational resources and some students’ burden of having to study the same subjects at the same level in different institutions it is recommended that a proper credit transfer scheme be implemented between technical colleges and universities. To implement such a scheme, however, a provision should be made by the University Grants Commission to admit annually a certain number of technical college accounting diplomates also into the accounting degree programs of universities as a special category of adult students. Accordingly, when a student holding the Higher National Diploma in Accountancy awarded by a technical college is admitted to the accounting degree program of a university a reasonable number of credit transfers should be granted for such subjects enabling the student to complete the accounting degree within a shorter period of time. Thus, such accounting diploma holders will also be able to be professionally qualified accountants after competing the degree and fulfilling the other requirements of the ICASL.

(e) At present, accounting diploma holders produced by the country’s technical colleges are not given any professional recognition for employment purposes. Consequently, even after completing four years of full-time education in accounting and related subjects these diploma holders find it extremely difficult to find suitable employment. Therefore, in order to minimise the lack of coordination between institutions and the resulting frustration among these diploma holders, it is recommended that the accounting diplomas awarded by technical colleges be accepted by the Association of Accounting Technicians in Sri Lanka for awarding the AAT membership to such diplomates upon completion of a year’s practical training in the area of accounting. Accordingly, it
will be easy for such accounting diplomates to be employed as accounting technicians or accounting assistants in various organisations in the country.

(f) As pointed out in the previous two sections, the lack of locally produced textbooks, cases and other materials in accounting and related areas is a major impediment to accounting education. To ease this problem, it is recommended that a publication trust jointly organised and initially funded by the relevant universities, the ICASL and the Department Educational Publications in the Ministry of Education be established as early as possible. A sizeable fund for this can be built up subsequently without much difficulty through donations and grants from appropriate foreign organisations and local business enterprises if they are appropriately approached for such help. This fund should be utilised for purchasing and publishing textbooks written by individual or joint authors. Accounting academics and other professionals must be encouraged for this purpose through offering adequate incentives. For example, writing of quality textbooks can be given more weight when considering them for promotional purposes.

(g) Since the accounting curriculum currently used for the professional examinations and the one used for the accounting degree program seem to suffer from some considerable weaknesses it is essential to set up a curriculum committee consisting of accounting academics and accounting practitioners who sufficiently represent the universities, the professional accounting body and the industrial, commercial and government sectors. This committee should further review the existing curricula and design a new curriculum appropriate for the country. Although each university is free to use its own accounting curriculum basic
guidelines developed by this committee should be followed by all universities in
designing their curricula. This committee should also pay a special attention to
the findings of this study on curriculum issues. In particular, while adequately
covering the area of management accounting the new accounting curriculum
should aim at providing a broad-based general education and a specialised
professional education to respective accountants.

It is expected with great confidence that the above recommendations, if properly
implemented, will eliminate or minimise most of the deficiencies and problems in the
existing system of accounting education in Sri Lanka, and help in achieving its primary
objective of producing competent accountants adequately for meeting the economic
development needs of the country.
APPENDICES
The purpose of this survey is to obtain the views of accounting practitioners, accounting academics and CEO's in various organisations on the existing system of professional and university-level accounting education in Sri Lanka and the changes needed for improving its quality and effectiveness.

Please answer all questions. If you wish to comment on any question or to qualify your answers, please feel free to do so.

Section I

Name of your firm/organisation: ..............................................................

1. At present, which of the following positions is applicable to you? (Please place a tick.) [✓]

- Practising accountant/ Partner of an audit/accounting firm
- Accountant in a private sector firm
- Accountant in a state corporation/board
- Accountant in a government department/ ministry
- Other: (Please specify.)

2. What is your educational background?

**Academic:**

<table>
<thead>
<tr>
<th>Qualification</th>
<th>Local</th>
<th>Foreign</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Diploma in Accountancy/Commerce</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(b) Bachelor's degree in Commerce/Management</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(c) Bachelor's degree in (Please specify.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(d) Master's degree in Business/Public Administration</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(e) Master's degree in (Please specify.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(f) Other (Please specify.)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Professional:**

<table>
<thead>
<tr>
<th>Professional Body</th>
<th>Professional Qualification</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Institute of Chartered Accountants of Sri Lanka</td>
<td>FCA ACA Inter. P I P II P III</td>
</tr>
<tr>
<td>(b) Chartered Institute of Management Accountants (UK)</td>
<td>ACMA FCMA P III P IV P V</td>
</tr>
<tr>
<td>(c) Chartered Association of Corporate Accountants (UK)</td>
<td>FCCA ACCA P III P IV P V</td>
</tr>
<tr>
<td>(d) Other (Please specify.)</td>
<td></td>
</tr>
</tbody>
</table>

3. How long have you been in your accounting career? Years [...]

4. Current position or title held in your organisation: .............................................................

5. Do you also perform any teaching duties in a university or any other higher education institution?

Yes [...] No [...]
If the answer to the above question is "Yes", please indicate the type of institution and the duration of your teaching.

<table>
<thead>
<tr>
<th>Institution</th>
<th>Years</th>
<th>Institution</th>
<th>Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. University</td>
<td></td>
<td>3. Technical College</td>
<td></td>
</tr>
<tr>
<td>2. ICASL</td>
<td></td>
<td>4. Other (Please specify.)</td>
<td></td>
</tr>
</tbody>
</table>

6. What minimum level of qualification is required for a person to join as an accountant in your firm?

(Please place a tick [✓] in the appropriate box under each qualification.)

<table>
<thead>
<tr>
<th>Institution</th>
<th>Qualification</th>
<th>Institution</th>
<th>Qualification</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. ICASL</td>
<td>ACA/FCA</td>
<td>b. CIMA</td>
<td>ACMA/FCMA</td>
</tr>
<tr>
<td></td>
<td>Licentiate</td>
<td></td>
<td>P I</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>P II</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>P III</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>P IV</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>P V</td>
</tr>
<tr>
<td>c. CACA</td>
<td>ACCA/FCCA</td>
<td>d. University</td>
<td>Bachelor's degree in Accountancy</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Local degree</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Foreign degree</td>
</tr>
<tr>
<td>e. Technical College</td>
<td>Diploma in Accountancy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>f. Other (Please specify.)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

"Today's accountant, in addition to having accounting skills and knowledge, has to be an entrepreneur, financial analyst, global competitor, market analyst, skilled sales person, good communicator, capable negotiator and public relations specialist, as well as a general manager. If this challenge is to be met, then it is evident that the traditional methods of educating and training accountants will need significant reform."

- (International Federation of Accountants (IFAC), 1994)

7. As an obstacle to meeting the above challenge, do you observe any deficiency in your junior accountants?

Yes [-----] No[-----]

If 'yes', please indicate [✓] the level of their deficiency, using the 1-5 scale table given below:

<table>
<thead>
<tr>
<th>DEFIciENCY IN:</th>
<th>Very low</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>Very big deficiency</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Understanding of accounting/auditing procedures</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Interpreting and analysing of accounting information</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Verbal communication skills</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Report writing skills</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Interpersonal relations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Knowledge of using computers in accounting</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Creative or innovative ideas</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Desire and efforts for professional development</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Concern for social responsibility</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Ethical attitudes and behaviour</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. Knowledge of English</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. Research/ Investigation skills</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13. Critical thinking and divergent view points</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14. Understanding of legal implications of professional activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15. Please specify any other deficiency or problem not listed above.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The focus of accounting education must change from mere knowledge acquisition and accumulation to one based on a 'learning to learn' approach. Such a system would enhance the motivation of students and encourage them to develop research capabilities and skills for lifelong learning to continue the learning process after completion of their formal professional education (IFAC, 1994).

8. Do you think that most of the junior accountants who joined your organisation recently have demonstrated good quality of their education in accounting to be able to meet the above focus?

Yes [.....] No [.....]

9. If "No", please indicate whether you think each of the following factors is an important reason or not for the low quality of their education.

Please place a tick [✓] to indicate your opinion, according to the 1-5 scale of importance given below:

<table>
<thead>
<tr>
<th>REASON</th>
<th>Least important reason</th>
<th>Most important reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Lack of local textbooks and other publications</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>2. Lack of relevance of education to practice</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>3. Lack of a regular tutorial assignment system</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>4. Lack of workshops and class discussions</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>5. Lack of qualified teachers in accounting</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>6. Inadequate internship or practical training during studies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Low level of reading due to inadequate knowledge of English</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Inappropriate accounting curriculum</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Inadequate training in computer applications in accounting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Excessive emphasis on technical and procedural aspects with less attention to analytical and problem solving aspects</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. Accounting education is too heavily examination oriented</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. Limiting of most students' learning efforts to reading of lecture notes and preparing for examinations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13. Use of outdated teaching materials and textbooks</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14. Ineffective teaching methods</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15. Non-existence of a continuing assessment system based on day-to-day performance of students</td>
<td></td>
<td></td>
</tr>
<tr>
<td>16. Classes for accounting students are conducted mostly by private tutors which are of poor quality.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>17. Other factors (Please specify.) ................................................</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

10. Of the personal characteristics listed below, indicate three characteristics that you find to be seriously lacking among junior accountants in your organisation:

<table>
<thead>
<tr>
<th>1. Desire to get ahead</th>
<th>7. Accuracy in work</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Integrity</td>
<td>8. Dependability</td>
</tr>
<tr>
<td>3. Adaptability</td>
<td>9. Above average intelligence</td>
</tr>
<tr>
<td>4. Self-discipline</td>
<td>10. Mental alertness</td>
</tr>
<tr>
<td>5. Good personal appearance</td>
<td>11. Critical thinking</td>
</tr>
<tr>
<td>6. Loyalty</td>
<td>12. Initiative</td>
</tr>
</tbody>
</table>
11. Following examination results of the ICASL indicate a substantial failure rate.

<table>
<thead>
<tr>
<th>Title of Examination</th>
<th>No. of Candidates</th>
<th>Passes</th>
<th>Failure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Licentiate Part I</td>
<td>4617</td>
<td>795</td>
<td>17</td>
</tr>
<tr>
<td>Licentiate Part II</td>
<td>1512</td>
<td>610</td>
<td>40</td>
</tr>
<tr>
<td>Professional Part I</td>
<td>1102</td>
<td>247</td>
<td>22</td>
</tr>
<tr>
<td>Professional Part II</td>
<td>426</td>
<td>162</td>
<td>38</td>
</tr>
<tr>
<td>Professional Part III</td>
<td>213</td>
<td>68</td>
<td>32</td>
</tr>
</tbody>
</table>

1993 1994

<table>
<thead>
<tr>
<th>No. of Candidates</th>
<th>Passes</th>
<th>Failure</th>
</tr>
</thead>
<tbody>
<tr>
<td>5074</td>
<td>1045</td>
<td>21</td>
</tr>
<tr>
<td>2008</td>
<td>749</td>
<td>37</td>
</tr>
<tr>
<td>1260</td>
<td>290</td>
<td>23</td>
</tr>
<tr>
<td>498</td>
<td>111</td>
<td>22</td>
</tr>
<tr>
<td>275</td>
<td>63</td>
<td>23</td>
</tr>
</tbody>
</table>

Source: Annual Report ICASL 1994

According to your observations, which of the following factors have contributed to the high failure rate at the above examinations?

Please place a tick [✓] to indicate your opinion according to the 1-5 scale of importance given below:

<table>
<thead>
<tr>
<th>Contributory Factors</th>
<th>Least important factor</th>
<th>Most important factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Lack of library facilities (outside Colombo)</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>2. Lack of proper supervision of students by ICASL</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>3. Lack of proper practical knowledge</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>4. Lack of continuous assessment of students by ICASL</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>5. Lack of knowledge on the technical aspect of accounting</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>6. Lack of knowledge on the theoretical aspects of accounting</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>7. Lack of relevance of what students learn to local conditions</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>8. Lack of guidance by tutors in respect of examinations</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>9. Due to excessive dependence on self-study course of ICASL</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>10. Due to limited tuition by ICASL and dependence of students upon private tutors to support their studies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. Inadequacy of the candidates' abilities and preparedness</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>12. Inadequacy of teaching facilities (outside Colombo)</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>13. Other (Please specify.)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

12. Are computers used for accounting functions in your organisation?
(Please tick [✓].)

[ ] Fully used  [ ] Moderately used  [ ] Slightly used  [ ] Not used

13. Which one of the following do you believe would be most applicable to prospective accountants in your organisation in respect of computer education?

Please place tick [✓] the appropriate box.

(a). A course on how to use an appropriate software package in accounting
(b). A course of training in computer programming
(c). No course in computers is necessary
(d). Other (Please specify.)
14. On the basis of the current and expected future trends in your organisation's accounting information needs, please indicate, in order of importance, the necessity for your accountants to have a knowledge in the subjects listed below.

<table>
<thead>
<tr>
<th>Group A</th>
<th>Accounting subjects</th>
<th>Least important</th>
<th>Most important</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Taxation</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>2. Auditing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Government Accounting</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Financial Statement Analysis</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Accounting Theory</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Budgeting and Financial Control</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Estate Accounting</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Cost and Managerial Accounting</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. International Accounting</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Social Accounting</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. Use of computers in accounting</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. Research Methods in Accounting</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13. Other (Please specify)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Group B</th>
<th>Other related subjects - Business</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Business Communication - English</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Quantitative Techniques</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Marketing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Business Law</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Financial Management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Management Information Systems</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Money and Banking</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Business Management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Economics</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. Other (Please specify)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

15. In your opinion, what minimum qualification(s) would be necessary for a person to become an accountant?

(Please tick [✓] the appropriate box(es) in the following table:)

<table>
<thead>
<tr>
<th>Institution</th>
<th>Qualification</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. ICASL</td>
<td>ACA, Licentiate, P I, P II, P III</td>
</tr>
<tr>
<td>b. CIMA</td>
<td>ACMA, P III, P IV, P V</td>
</tr>
<tr>
<td>c. CACA</td>
<td>ACCA, P III, P IV, P V</td>
</tr>
<tr>
<td>d. University</td>
<td>Bachelor's degree in Accountancy</td>
</tr>
<tr>
<td>e. Technical College</td>
<td>Diploma in Accountancy</td>
</tr>
<tr>
<td>f. Other (Please specify)</td>
<td></td>
</tr>
</tbody>
</table>
16. In many other countries such as Canada, USA, Germany, Australia, New Zealand, China, Singapore and Korea, it is the university that provides education necessary for producing doctors, engineers, lawyers, architects and accountants. In the case of providing education for prospective accountants, university accounting courses are assessed and accredited by professional bodies in those countries. Do you think that such a system is appropriate for Sri Lanka as well? Yes [.....] No [....]

If your answer to this question is "No", please give reasons:

..........................................................................................................................
..........................................................................................................................
..........................................................................................................................

SECTION II

17. Several factors that are likely to be considered as obstacles to the development of accounting education in Sri Lanka are listed below. Please indicate [✓] your rating of each factor in the order of importance.

<table>
<thead>
<tr>
<th>Obstacles to the development of accounting education:</th>
<th>Least important</th>
<th>Most important</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Lack of coordination between institutions providing accounting education</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>2. Lack of locally produced accounting text books</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>3. Lack of sufficiently qualified instructors/academics in accounting</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>4. Lack of research in accounting by academics and practitioners</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>5. Lack of computer facilities for accounting students</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>6. Lack of research skills of accounting students</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>7. Lack of commitment and interest among accounting academics.</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>8. Inadequate recognition of university accounting degree by the professional body</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>9. Accounting academics are often occupied in other activities to supplement their incomes and do not have time for adequate class preparation</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>10. Inappropriate text books and other teaching material used in accounting courses</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>11. Poor quality of teaching in accounting programs</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>12. Ineffective teaching methods used by accounting lecturers</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>13. Inadequate accounting libraries and other educational resources in educational and professional institutions</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>14. Inadequate efforts and facilities aimed at improving the English proficiency of accounting students</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td>15. Insufficient incentives and facilities to encourage accounting academics and practitioners for producing local textbooks and other educational materials.</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>16. Not providing extra hours by accounting lecturers for student consultations</td>
<td>16</td>
<td></td>
</tr>
<tr>
<td>17. Lack of tutorial classes or ineffective ways of conducting tutorial classes</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>18. Not conducting workshops and seminars for accounting students</td>
<td>18</td>
<td></td>
</tr>
<tr>
<td>19. Excessive emphasis on technical/procedural aspects and inadequate attention to analytical/theoretical aspects in accounting courses</td>
<td>19</td>
<td></td>
</tr>
<tr>
<td>20. Inappropriate accounting curriculum</td>
<td>20</td>
<td></td>
</tr>
</tbody>
</table>

(Question 17 continued next page)
### Appendix

#### (Question 17 continued)

<table>
<thead>
<tr>
<th></th>
<th>Least Important</th>
<th>Most Important</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>

21. Use of ineffective teaching methods and outdated software in computer training programs for accounting students/accountants.

22. Excessively heavy examination-orientation in accounting education

23. Inappropriate accounting syllabus used for the G.C.E. (Advanced Level) examination

24. Non-availability of a credit transfer system among institutions. (Hence, many students spend time and money studying the same subjects at the same level in several institutions)

25. Lack of coordination and cooperation between educational institutions and other institutions such as Chamber of Commerce, Stock Exchange, IRD and ICASL regarding curriculum development in accounting courses.

26. Poor attention given to the sense of logic development of accounting students.

27. Difficulty of attracting adequately qualified persons for teaching positions in accounting due to comparatively low salaries

28. Lack of critical thinking skills and divergent views among accounting students

29. Lack of understanding, among decision makers and planners, of the importance of accounting education to country's economic development programs.

30. Other obstacles (Please specify):

________________________________________________________________________________________
________________________________________________________________________________________
________________________________________________________________________________________
________________________________________________________________________________________
________________________________________________________________________________________
________________________________________________________________________________________
________________________________________________________________________________________

18. In your opinion, are there any other accounting education deficiencies/problems which are not covered in this questionnaire, if so please list them below:

________________________________________________________________________________________
________________________________________________________________________________________
________________________________________________________________________________________
________________________________________________________________________________________
________________________________________________________________________________________
________________________________________________________________________________________
________________________________________________________________________________________

THANK YOU VERY MUCH FOR ANSWERING THIS QUESTIONNAIRE.

Please send the completed questionnaire to the following address:

Senarath Yapa  
Department of Accounting and Finance  
University of Sri Jayewardenepura  
Nugegoda
The purpose of this survey is to obtain the views of accounting academics, accounting practitioners and CEO's in various organisations on the existing system of professional and university-level accounting education in Sri Lanka and the changes needed for improving its quality and effectiveness.

Please answer all questions. If you wish to comment on any question or to qualify your answers, please feel free to do so.

Section 1

Name of your institution:

1. At present, which of the following positions is applicable to you?
   (Please place a tick [✓] in the appropriate box):

   a. Lecturer
   b. Senior Lecturer
   c. Associate Professor
   d. Professor
   e. Other: (Please specify.)

2. What is your educational background? (Please place a tick [✓] in the relevant box.)
   Academic:

<table>
<thead>
<tr>
<th>Qualification</th>
<th>Local</th>
<th>Foreign</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. PhD in Accounting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. PhD in ...................................(Please specify.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>c. MBA/MPA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>d. Master's degree in Accounting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>e. Master's degree in ...................................(Please specify.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>f. Bachelor's degree in Accounting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>g. Bachelor's degree in ..............................(Please specify.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>h. Diploma in ...................................(Please specify)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>i. Other (Please specify):</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

   Professional: (Please place a tick [✓] in the relevant box or boxes.)

<table>
<thead>
<tr>
<th>Professional Body</th>
<th>Professional Qualification</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Institute of Chartered Accountants of Sri Lanka</td>
<td>FCA</td>
</tr>
<tr>
<td>b. Chartered Institute of Management Accountants (UK)</td>
<td>ACMA</td>
</tr>
<tr>
<td>c. Chartered Association of Corporate Accountants (UK)</td>
<td>FCCA</td>
</tr>
<tr>
<td>d. Other (Please specify):</td>
<td></td>
</tr>
</tbody>
</table>
3. Currently, at what level(s) of teaching are you involved in? (Please tick [✓] the relevant box or boxes.)

<table>
<thead>
<tr>
<th>Undergraduate only</th>
<th>Postgraduate only</th>
<th>Both undergraduate and postgraduate</th>
<th>Professional</th>
<th>Other (Please specify)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4. How many years have you been teaching at tertiary level?

[... ...] Years

5. Have you been involved in any of the following consultancy work/external teaching in addition to the normal teaching at your own institution? (Please place a tick [✓])

Yes [... ] No [... ]

If your answer to the above question is "Yes", please indicate [✓] below the type of such service.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>a.</td>
<td>Auditing</td>
</tr>
<tr>
<td>b.</td>
<td>Management services</td>
</tr>
<tr>
<td>c.</td>
<td>Taxation</td>
</tr>
<tr>
<td>d.</td>
<td>Research work</td>
</tr>
<tr>
<td>e.</td>
<td>Teaching in other institutions</td>
</tr>
<tr>
<td>f.</td>
<td>External educational services (i.e. marking, writing of lessons for OUSL etc.)</td>
</tr>
<tr>
<td>g.</td>
<td>Other (Please specify.) .................................................................</td>
</tr>
</tbody>
</table>

6. What level of accounting education and training do you believe is necessary for a person to start a professional career in accounting? (Please place a tick [✓] in the appropriate box.)

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>a.</td>
<td>GCE (Adv. Level) plus completion of professional examinations and practical training</td>
</tr>
<tr>
<td>b.</td>
<td>Bachelor's degree in accounting plus completion of professional examinations and practical training</td>
</tr>
<tr>
<td>c.</td>
<td>Bachelor's degree in accounting plus fulfilment of some professional requirements and practical training</td>
</tr>
<tr>
<td>d.</td>
<td>Other (Please specify.)</td>
</tr>
</tbody>
</table>

7. Which one of the following do you believe would be most appropriate to accounting students in a university in respect of their computer education? Please place tick [✓] the appropriate box.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>a</td>
<td>A course of training on how to use an appropriate software package in accounting</td>
</tr>
<tr>
<td>b</td>
<td>A course of training in computer programming</td>
</tr>
<tr>
<td>c</td>
<td>No course in computers is necessary.</td>
</tr>
<tr>
<td>d</td>
<td>Other (Please specify): .................................................................</td>
</tr>
</tbody>
</table>
The focus of accounting education must change from mere knowledge acquisition and accumulation to one based on a 'learning to learn' approach. Such a system would enhance the motivation of students and encourage them to develop research capabilities and skills for life-long learning to continue the learning process after completion of their formal professional education (IFAC, 1994).

8. Do you think that accounting education in Sri Lanka at present is of a high quality which is necessary for meeting the above focus?

Yes[← ]  No[← ]

If your answer to the above question is "No", please indicate whether you think each of the following factors is an **important reason** or not for the low quality of accounting education in Sri Lanka.

Please place a tick [✓] to indicate your opinion, according to the 1-5 scale of importance given below:

<table>
<thead>
<tr>
<th>REASONS</th>
<th>Least important reason</th>
<th>Most important reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Lack of local textbooks and other publications</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Lack of relevance of education to practice</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Lack of a regular tutorial assignment system</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Lack of workshops and class discussions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Lack of qualified teachers in accounting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Inadequate internship or practical training during studies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Low level of reading due to inadequate knowledge of English</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Inappropriate accounting curriculum</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Inadequate training in computer applications in accounting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Excessive emphasis on technical and procedural aspects with less attention to analytical and problem solving aspects</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. Accounting education is too heavily examination oriented</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. Limiting of most students' learning efforts to reading of lecture notes and preparing for examinations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13. Use of outdated teaching materials and textbooks</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14. Ineffective teaching methods</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15. Non-existence of a continuing assessment system based on day-to-day performance of students</td>
<td></td>
<td></td>
</tr>
<tr>
<td>16. Classes for accounting students are conducted mostly by private tutors which are of poor quality.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>17. Other factors (Please specify.)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
10. On the basis of current and expected future trends in accounting in Sri Lanka, please indicate, in order of importance, the necessity for accountants to have a knowledge in the subjects listed below.

(Please place a tick [✓] to indicate your opinion according to the following scale of importance in respect of each subject)

<table>
<thead>
<tr>
<th>Group A</th>
<th>Accounting subjects</th>
<th>Least important</th>
<th>Most important</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>1.</td>
<td>Taxation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Auditing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Government Accounting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Financial Statement Analysis</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Accounting Theory</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>Budgeting and Financial Control</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>Estate Accounting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td>Cost and Managerial Accounting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9.</td>
<td>International Accounting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10.</td>
<td>Social Accounting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11.</td>
<td>Use of computers in accounting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12.</td>
<td>Research Methods in Accounting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13.</td>
<td>Other (Please specify)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Group B</th>
<th>Other related subjects - Business</th>
<th>Least important</th>
<th>Most important</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>1.</td>
<td>Business Communication - English</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Quantitative Techniques</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Marketing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Business Law</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Financial Management</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>Management Information Systems</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>Money and Banking</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td>Business Management</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9.</td>
<td>Economics</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11.</td>
<td>Other (Please specify)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Other specification)
11. To be a competent teacher at the university level, which of the following qualification(s) do you believe to be the most important for an accounting academic?

(Please indicate [✓] your opinion according to the following scale of importance in respect of each subject):

<table>
<thead>
<tr>
<th>Qualification</th>
<th>Least important</th>
<th>Most important</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Doctorate in accounting or related area</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>(b) Master's Degree in accounting or related area</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>(c) Bachelor's Degree with accounting as major area</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>(d) ACA-Sri Lanka</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(e) ACMA, (UK)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(f) ACCA (UK)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(g) Other (Please specify.)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

12. To be a competent teacher at the university level, which of the following experiences or activities do you think important for an accounting academic?

(Please indicate [✓] your opinion according to the following scale of importance):

<table>
<thead>
<tr>
<th>Experience/Activity</th>
<th>Least important</th>
<th>Most important</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Being engaged in research</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>(b) Contributing articles to journals</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>(c) Participation and presentation of papers at seminars</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>(d) Publication of books and other teaching materials</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(e) Involvement in consultancy services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(f) Gaining practical experience in accounting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(g) Other (Please specify.)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
13. Following examination results of the ICASL indicate a high failure rate.

<table>
<thead>
<tr>
<th>Title of Examination</th>
<th>No. of Candidates</th>
<th>Passes</th>
<th>Failure</th>
<th>No. of Candidates</th>
<th>Passes</th>
<th>Failure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Licentiate Part I</td>
<td>4617</td>
<td>795</td>
<td>17</td>
<td>5074</td>
<td>1045</td>
<td>79</td>
</tr>
<tr>
<td>Licentiate Part II</td>
<td>1512</td>
<td>610</td>
<td>40</td>
<td>2008</td>
<td>749</td>
<td>37</td>
</tr>
<tr>
<td>Professional Part I</td>
<td>1102</td>
<td>247</td>
<td>22</td>
<td>1260</td>
<td>290</td>
<td>23</td>
</tr>
<tr>
<td>Professional Part II</td>
<td>426</td>
<td>162</td>
<td>38</td>
<td>498</td>
<td>111</td>
<td>22</td>
</tr>
<tr>
<td>Professional Part III</td>
<td>213</td>
<td>68</td>
<td>32</td>
<td>275</td>
<td>63</td>
<td>23</td>
</tr>
</tbody>
</table>

Source: Annual Report ICASL 1994

According to your observations, which of the following factors have contributed to the high failure rate at the above examinations?

Please place a tick [✓] to indicate your opinion according to the 1-5 scale of importance given below:

<table>
<thead>
<tr>
<th>Contributory Factors</th>
<th>Least important factor</th>
<th>Most important factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Lack of library facilities (outside Colombo)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Lack of proper supervision of students by ICASL</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Lack of proper practical knowledge</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Lack of continuous assessment of students by ICASL</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Lack of knowledge on the technical aspect of accounting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Lack of knowledge on the theoretical aspects of accounting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Lack of relevance of what students learn to local conditions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Lack of guidance by tutors in respect of examinations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Due to excessive dependence on self-study course of ICASL</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Due to limited tuition by ICASL and dependence of students upon private tutors to support their studies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. Inadequacy of the candidates' abilities and preparedness</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. Inadequacy of teaching facilities (outside Colombo)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13. Other (Please specify.)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
"Today's accountant, in addition to having accounting skills and knowledge, has to be an entrepreneur, financial analyst, global competitor, market analyst, skilled sales person, good communicator, capable negotiator and public relations specialist, as well as a general manager. If this challenge is to be met, then it is evident that the traditional methods of educating and training accountants will need significant reform."

- (International Federation of Accountants (IFAC), 1994)

14. As an accounting academic, how do you think it is possible for Sri Lanka's accounting education to meet the above challenge?

(Please indicate [✓] your opinion according to the following scale of importance).

<table>
<thead>
<tr>
<th>Least Important</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. By changing the present system of accounting education of ICASL and getting the university system to provide a broad education to accounting students (as done in most other countries) while ICASL concentrates more extensively on professional development activities and practical training aspects of prospective accountants.</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Shifting the emphasis of accounting education from technical, procedural and auditing aspects to analytical, problem-solving and decision-making aspects of accounting, which are more important for a developing country.</td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Through an internship program for academics to familiarise them with current accounting practices.</td>
<td></td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. By encouraging academics and practitioners through grants and publication facilities to be actively engaged in research involving various aspects of accounting education and practice in Sri Lanka</td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>5. By employment of accounting academics as consultants in accounting/auditing firms.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>6. Through close coordination and liaison between universities and the professional accounting body to make university accounting courses more effective and relevant to accounting practice and development needs of the country.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>7. By getting practising accountants to give seminars/lectures to students and faculty on current accounting practices.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>8. By producing local textbooks, cases and other teaching materials.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>9. Other (Please specify.) ..........................................................</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
</tr>
</tbody>
</table>

(Least Important)

(Least Important)

(Most Important)
15. In many other countries such as Canada, USA, Germany, Australia, New Zealand, China, Singapore and Korea, it is the university that provides education necessary for producing doctors, engineers, lawyers, architects and accountants. In the case of providing education for prospective accountants, university accounting courses are assessed and accredited by professional bodies in those countries. Do you think that such a system is appropriate for Sri Lanka as well?

Yes [.....]  No [....]  

If your answer to this question is "No", Please give reasons:

..........................................................
..........................................................
..........................................................

.........................

SECTION II

16. Several factors that are likely to be considered as obstacles to the development of accounting education in Sri Lanka are listed below.

Please indicate [✓] your rating of each factor in the order of importance.

<table>
<thead>
<tr>
<th>Obstacles to the development of accounting education:</th>
<th>Least important</th>
<th>Most important</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Lack of coordination between institutions providing accounting education</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>2. Lack of locally produced accounting text books</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>3. Lack of sufficiently qualified instructors/academics in accounting</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>4. Lack of research in accounting by academics and practitioners</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>5. Lack of computer facilities for accounting students</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>6. Lack of research skills of accounting students</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>7. Lack of commitment and interest among accounting academics.</td>
<td>7</td>
<td>1</td>
</tr>
<tr>
<td>8. Inadequate recognition of university accounting degree by the professional body</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>9. Accounting academics are often occupied in other activities to supplement their incomes and do not have time for adequate class preparation</td>
<td>9</td>
<td>5</td>
</tr>
<tr>
<td>10. Inappropriate text books and other teaching material used in accounting courses</td>
<td>10</td>
<td>1</td>
</tr>
<tr>
<td>11. Poor quality of teaching in accounting programs</td>
<td>11</td>
<td>3</td>
</tr>
<tr>
<td>12. Ineffective teaching methods used by accounting lecturers</td>
<td>12</td>
<td>5</td>
</tr>
<tr>
<td>13. Inadequate accounting libraries and other educational resources in educational and professional institutions</td>
<td>13</td>
<td>4</td>
</tr>
<tr>
<td>14. Inadequate efforts and facilities aimed at improving the English proficiency of accounting students</td>
<td>14</td>
<td>3</td>
</tr>
<tr>
<td>15. Insufficient incentives and facilities to encourage accounting academics and practitioners for producing local textbooks and other educational materials.</td>
<td>15</td>
<td>2</td>
</tr>
<tr>
<td>16. Not providing extra hours by accounting lecturers for student consultations</td>
<td>16</td>
<td>1</td>
</tr>
</tbody>
</table>
### Appendix

(Question 16 continued)

<table>
<thead>
<tr>
<th>Most Important</th>
<th>Least Important</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 2 3 4 5</td>
<td>1 2 3 4 5</td>
</tr>
</tbody>
</table>

17. Lack of tutorial classes or ineffective ways of conducting tutorial classes
18. Not conducting workshops and seminars for accounting students
19. Excessive emphasis on technical/procedural aspects and inadequate attention to analytical/theoretical aspects in accounting courses
20. Inappropriate accounting curriculum
21. Use of ineffective teaching methods and outdated software in computer training programs for accounting students/accountants.
22. Excessively heavy examination-orientation in accounting education
23. Inappropriate accounting syllabus used for the G.C.E. (Advanced Level) examination
24. Non-availability of a credit transfer system among institutions. (Hence, many students spend time and money studying the same subjects at the same level in several institutions)
25. Lack of coordination and cooperation between educational institutions and other institutions such as Chamber of Commerce, Stock Exchange, IRD and ICASL regarding curriculum development in accounting courses.
26. Poor attention given to the sense of logic development of accounting students.
27. Difficulty of attracting adequately qualified persons for teaching positions in accounting due to comparatively low salaries
28. Lack critical thinking skills and divergent views within accounting students
29. Lack of understanding, among decision makers and planners, of the importance of accounting education to the country’s economic development programs
30. Other obstacles (Please specify): ...........................................................

17. In your opinion, are there any other accounting education deficiencies/problems which are not covered in this questionnaire, if so please list them below:

........................................................................................................
........................................................................................................
........................................................................................................
........................................................................................................
........................................................................................................
........................................................................................................
........................................................................................................
........................................................................................................
........................................................................................................

THANK YOU VERY MUCH FOR ANSWERING THIS QUESTIONNAIRE.

Please send the completed questionnaire to the following address:

Senarath Yapa
Department of Accounting and Finance
University of Sri Jayewardenepura
Nugegoda
A SURVEY OF PROFESSIONAL AND UNIVERSITY-LEVEL ACCOUNTING EDUCATION IN SRI LANKA

The purpose of this survey is to obtain the views of CEOs in various organisations, accounting practitioners and accounting academics on the existing system of professional and university-level accounting education in Sri Lanka and the changes needed for improving its quality and effectiveness.

Please answer all questions. If you wish to comment on any question or to qualify your answers, please feel free to do so.

Section 1

Name of your firm/organisation: .................................................................

1. At present, which of the following positions in your organisation is applicable to you?
(Please place a tick.) [✓] in the appropriate box:

   a. Chairman
   b. Managing Director
   c. General Manager
   d. Other: (Please specify.) .................................................................

2. What is your educational background?

   Academic: (Please place a tick.) [✓]

<table>
<thead>
<tr>
<th>Qualification</th>
<th>Local</th>
<th>Foreign</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) S.S.C/G.C.E Certificate</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(b) Diploma in</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(c) Bachelor's degree in</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(d) Master's degree in</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(f) Other (Please specify.)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

   Professional: (Please place a tick.) [✓]

<table>
<thead>
<tr>
<th>Qualification</th>
<th>Local</th>
<th>Foreign</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Chartered Accountant (FCA/ACA)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(b) Management Accountant (FCMA/ACMA)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(c) Corporate Accountant (FCCA/ACCA)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(d) Chartered Engineer</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(e) Other: (Please specify.)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
3. Number of years of your experience as an executive? [
] Years

4. Have you been involved in any teaching in a university or similar institution?  
   Yes [
] No [
]

If the answer to the above question is "Yes", please indicate the type of institution and the duration of your teaching.

1. University
2. ICASL
3. Technical College
4. Other (Please specify.)

6. What minimum level of qualification is required for a person to join as an accountant in your firm? 
   (Please place a tick [✓] in the appropriate box under each qualification.)

<table>
<thead>
<tr>
<th>Institution</th>
<th>Qualification</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. ICASL</td>
<td>ACA/FCA</td>
</tr>
<tr>
<td>b. CIMA</td>
<td>ACMA/FCMA</td>
</tr>
<tr>
<td>c. CACA</td>
<td>ACCA/FCCA</td>
</tr>
<tr>
<td>d. University</td>
<td>Bachelor's degree in Accountany</td>
</tr>
<tr>
<td>e. Technical College</td>
<td>Diploma in Accountancy</td>
</tr>
<tr>
<td>f. Other (Please specify.)</td>
<td></td>
</tr>
</tbody>
</table>

"Today's accountant, in addition to having accounting skills and knowledge, has to be an entrepreneur, financial analyst, global competitor, market analyst, skilled sales person, good communicator, capable negotiator and public relations specialist, as well as a general manager. If this challenge is to be met, then it is evident that the traditional methods of educating and training accountants will need significant reform."

- (International Federation of Accountants (IFAC), 1994)

7. As an obstacle to meeting the above challenge, do you observe any deficiency in your junior accountants? 
   Yes [-----] No[-----]

If 'yes', please indicate the level of their deficiency by placing a tick [✓] in the following table:

<table>
<thead>
<tr>
<th>DEFIICIENCY IN:</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Understanding of accounting or auditing procedures</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Interpretation and analysing of accounting information</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Verbal communication skills</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Report writing skills</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The focus of accounting education must change from mere knowledge acquisition and accumulation to one based on a "learning to learn" approach. Such a system would enhance the motivation of students and encourage them to develop research capabilities and skills for life-long learning to continue the learning process after completion of their formal professional education (IFAC, 1994).

8. Do you think that most of the junior accountants who joined your organisation recently, have demonstrated a **good quality of their education in accounting to meet the above focus**?

Yes [.....] No [.....]

If "No", please indicate whether you think each of the following factors is an **important reason** or not for the low quality of their education.

Please place a tick [✓] to indicate your opinion, according to the 1-5 scale of importance given below:

<table>
<thead>
<tr>
<th>REASON</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Lack of local textbooks and other publications</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Lack of relevance of education to practice</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Lack of a regular tutorial assignment system</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Lack of workshops and class discussions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Lack of qualified teachers in accounting</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Inadequate internship or practical training during studies</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Low level of reading due to inadequate knowledge of English</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Inappropriate accounting curriculum</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Inadequate training in computer applications in accounting</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Excessive emphasis on technical and procedural aspects with less attention to analytical and problem solving aspects</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. Accounting education is too heavily examination oriented</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. Limiting of most students' learning efforts to reading of lecture notes and preparing for examinations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Question 8 continued)

| 13. Use of outdated teaching materials, textbooks and ineffective teaching methods |
| 14. Non-existence of a continuing assessment system based on day-to-day performance of students |
| 15. Narrowing of most students' learning objectives to passing of examinations |
| 16. Mostly classes for accounting students are conducted by private tuitions and they are not well equipped |
| 17. Other factors (Please specify.) ................................................................. |

9. Following examination results of the ICASL indicate a substantial failure rate.

<table>
<thead>
<tr>
<th>Title of Examination</th>
<th>No. of Candidates</th>
<th>1993 Passes</th>
<th>Failure</th>
<th>1994 Passes</th>
<th>Failure</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>%</td>
<td>%</td>
<td>No.</td>
<td>%</td>
</tr>
<tr>
<td>Licentiate Part I</td>
<td>4617</td>
<td>795</td>
<td>17</td>
<td>83</td>
<td>5074</td>
</tr>
<tr>
<td>Licentiate Part II</td>
<td>1512</td>
<td>610</td>
<td>40</td>
<td>60</td>
<td>2008</td>
</tr>
<tr>
<td>Professional Part I</td>
<td>1102</td>
<td>247</td>
<td>22</td>
<td>78</td>
<td>1260</td>
</tr>
<tr>
<td>Professional Part II</td>
<td>426</td>
<td>162</td>
<td>38</td>
<td>62</td>
<td>498</td>
</tr>
<tr>
<td>Professional Part III</td>
<td>213</td>
<td>68</td>
<td>32</td>
<td>68</td>
<td>275</td>
</tr>
</tbody>
</table>

Source: Annual Report ICASL 1994

According to your observations, which of the following factors have contributed to the high failure rate at the above examinations?

Please place a tick [✔] to indicate your opinion according to the 1-5 scale of importance given below:

<table>
<thead>
<tr>
<th>Contributory Factors</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Lack of library facilities (outside Colombo)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Lack of proper supervision of students by ICASL</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Lack of proper practical knowledge</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Lack of continuous assessment of students by ICASL</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Lack of knowledge on the technical aspect of accounting</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Lack of knowledge on the theoretical aspects of accounting</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Lack of relevance of what students learn to local conditions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Lack of guidance by tuitions in respect of examinations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Due to excessive dependence on self-study course of ICASL</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Due to limited tuition by ICASL and dependence of students upon private tuitions to support their studies</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. Inadequacy of the candidates' abilities and preparedness</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. Inadequacy of teaching facilities (outside Colombo)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13. Other (Please specify.) .................................................................</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Appendix
10. Of the personnel characteristics listed below, indicate three characteristics that you find to be seriously lacking among junior accountants in your organisation:

<table>
<thead>
<tr>
<th>1. Desire to get ahead</th>
<th>7. Accuracy in work</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Integrity</td>
<td>8. Dependability</td>
</tr>
<tr>
<td>3. Adaptability</td>
<td>9. Above average intelligence</td>
</tr>
<tr>
<td>4. Self-discipline</td>
<td>10. Mental alertness</td>
</tr>
<tr>
<td>5. Good personal appearance</td>
<td>11. Critical thinking</td>
</tr>
<tr>
<td>6. Loyalty</td>
<td>12. Initiative</td>
</tr>
</tbody>
</table>

11. Are computers used for accounting functions in your organisation? (Please tick [✓].)

[ ] Fully used    [ ] Moderately used   [ ] Slightly used    [ ] Not used

12. Which one of the following do you believe would be most applicable to prospective accountants in your organisation in respect of computer education? Please place tick [✓] the appropriate box.

(a). A course of training on how to use an appropriate software package in accounting
(b). A course of training in computer programming
(c). No course in computers is necessary
(d). Other (Please specify.) .................................................................

13. On the basis of the current and expected future trends in your organisation's accounting information needs, please indicate, in order of importance, the necessity for your accountants to have a knowledge in the subjects listed below.

<table>
<thead>
<tr>
<th>Group A</th>
<th>Accounting subjects</th>
<th>Least important</th>
<th>Most important</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>Taxation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Auditing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Government Accounting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Financial Statement Analysis</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Accounting Theory</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>Budgeting and Financial Control</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>Estate Accounting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td>Cost and Managerial Accounting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9.</td>
<td>International Accounting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10.</td>
<td>Social Accounting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11.</td>
<td>Use of computers in accounting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12.</td>
<td>Research Methods in Accounting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13.</td>
<td>Other (Please specify) ..................................................</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| 13. Other (Please specify) .................................................. |       |                |
14. In your opinion, what minimum qualification(s) should be possessed by a junior accountant? (Please tick [✓] the appropriate box(es) in the following table).

<table>
<thead>
<tr>
<th>Institution</th>
<th>Qualification</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. ICASL</td>
<td>ACA [✓] Licentiate [✓] P I [✓] P II [✓] P III [✓]</td>
</tr>
<tr>
<td>b. CIMA</td>
<td>ACMA [✓] P III [✓] P IV [✓] P V [✓]</td>
</tr>
<tr>
<td>c. CACA</td>
<td>ACCA [✓] P III [✓] P IV [✓] P V [✓]</td>
</tr>
<tr>
<td>d. University</td>
<td>Bachelor's degree in Accountancy [✓]</td>
</tr>
<tr>
<td>e. Technical College</td>
<td>Diploma in Accountancy [✓]</td>
</tr>
<tr>
<td>f. Other (Please specify)</td>
<td></td>
</tr>
</tbody>
</table>

15. In many other countries such as Canada, USA, Germany, Australia, New Zealand, China, Singapore and Korea, it is the university that provides education necessary for producing doctors, engineers, lawyers, architects and accountants. In the case of providing education for prospective accountants, university accounting courses are assessed and accredited by professional bodies in those countries. Do you think that such a system is appropriate for Sri Lanka as well? Yes [....] No [....] If your answer to this question is "No", Please give reasons:

........................................................................................................................................................................
........................................................................................................................................................................
........................................................................................................................................................................
### SECTION II

16. Several factors that are likely to be considered as obstacles to the development of accounting education in Sri Lanka are listed below. Please indicate [✓] your rating of each factor in the order of importance.

<table>
<thead>
<tr>
<th>Obstacles to the development of accounting education:</th>
<th>Least important</th>
<th>Most important</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Lack of coordination between institutions providing accounting education</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Lack of locally produced accounting text books</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Lack of sufficiently qualified instructors/academics in accounting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Lack of research in accounting by academics and practitioners</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Lack of computer facilities for accounting students</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Lack of research skills of accounting students</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Lack of commitment and interest among accounting academics.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Inadequate recognition of university accounting degree by the professional body</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Accounting academics are often occupied in other activities to supplement their incomes and do not have time for adequate class preparation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Inappropriate text books and other teaching material used in accounting courses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. Poor quality of teaching in accounting programs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. Ineffective teaching methods used by accounting lecturers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13. Inadequate accounting libraries and other educational resources in educational and professional institutions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14. Inadequate efforts and facilities aimed at improving the English proficiency of accounting students</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15. Insufficient incentives and facilities to encourage accounting academics and practitioners for producing local textbooks and other educational materials.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>16. Not providing extra hours by accounting lecturers for student consultations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>17. Lack of tutorial classes or ineffective ways of conducting tutorial classes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>18. Not conducting workshops and seminars for accounting students</td>
<td></td>
<td></td>
</tr>
<tr>
<td>19. Excessive emphasis on technical/procedural aspects and inadequate attention to analytical/theoretical aspects in accounting courses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20. Inappropriate accounting curriculum</td>
<td></td>
<td></td>
</tr>
<tr>
<td>21. Use of ineffective teaching methods and outdated software in computer training programs for accounting students/accountants.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>22. Excessively heavy examination-orientation in accounting education</td>
<td></td>
<td></td>
</tr>
<tr>
<td>23. Inappropriate accounting syllabus used for the G.C.E. (Advanced Level) examination</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Question 16 continued next page)
<table>
<thead>
<tr>
<th>Question</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>24. Non-availability of a credit transfer system among institutions. (Hence, many students spend time and money studying the same subjects at the same level in several institutions)</td>
<td></td>
</tr>
<tr>
<td>25. Lack of coordination and cooperation between educational institutions and other institutions such as Chamber of Commerce, Stock Exchange, IRD and ICASL regarding curriculum development in accounting courses.</td>
<td></td>
</tr>
<tr>
<td>26. Poor attention given to the sense of logic development of accounting students.</td>
<td></td>
</tr>
<tr>
<td>27. Difficulty of attracting adequately qualified persons for teaching positions in accounting due to comparatively low salaries</td>
<td></td>
</tr>
<tr>
<td>28. Lack critical thinking skills and divergent viewpoints of accounting students</td>
<td></td>
</tr>
<tr>
<td>29. Lack of understanding, among decision makers and planners, of the importance of accounting education to the country's economic development programs</td>
<td></td>
</tr>
<tr>
<td>30. Other obstacles (Please specify):</td>
<td></td>
</tr>
</tbody>
</table>

18. In your opinion, are there any other accounting education deficiencies/problems which are not covered in this questionnaire, if so please list them below:

..................................................................................................................................................
..................................................................................................................................................
..................................................................................................................................................
..................................................................................................................................................
..................................................................................................................................................
..................................................................................................................................................
..................................................................................................................................................
..................................................................................................................................................

THANK YOU VERY MUCH FOR ANSWERING THIS QUESTIONNAIRE.

Please send the completed questionnaire to the following address:

Senarath Yapa
Department of Accounting and Finance
University of Sri Jayewardenepura
Nugegoda
Appendix II
Proposed Accounting Education and Training Model for Sri Lanka

Membership of the Institute of Chartered Accountants

Professional Competency Examination

Practical Training Under the Supervision of a Chartered Accountant

University Degree in Accounting

H.N.D.A Technical College

G.C.E (Advanced Level) Examination (High School)


American Institute of Certified Public Accountants, (1964), *Professional Accounting in Twenty Five Countries*, AICPA, USA.


Arrington, L. R., (1992), Integrating Special Education Students into the Classroom: An Investigation and Analysis of Principals and Teachers Attitudes, Unpublished Ph.D. Dissertation, The University of Arizona, USA.


Cooper, B.J., Tang Yun Wei, and Lynne Chow, (1994), Accounting Education in China, in Burns, J. O and Needles, Jr. B.E (ed) *Accounting Education for the*


Institute of Chartered Accountants in England and Wales, (1996), *Training to Become a Chartered Accountant*.


Institute of Chartered Accountants in England and Wales, *Examination Conduct and Syllabuses, 1989.*


Institute of Chartered Accountants of Sri Lanka, (1990), New Examination Syllabuses.


Institute of Chartered Accountants of Sri Lanka, (1995b), *Examination Syllabuses,*


Parry, M. J. and Groves, R. E., (1990), 'Does Training More Accountants Raise the Standards of Accounting in Third World Countries? A Study of Bangladesh,' in


Perera, M.H.B.,(1985), 'The Relevance of International Accounting Standards to Developing Countries, Working Paper No. 85-8 School of Financial Studies, University of Glasgow, Scotland, UK.


Pok Fabian., (1995), Cultural and Accounting Education issues in Developing Countries: A Papua New Guinea Case Study, UBS Publishers, Distributors Ltd. India.


Rivera, J. M., (1990), 'The Accounting Profession and Accounting Education in Panama: A Survey', in Comparative International Accounting Standards, Center for International Education and Research in Accounting, Champaign: University of Illinois, pp. 175-192.


Scott, G. M., (1970), Accounting and Developing Nations, University of Washington Graduate School of Business Administration, USA, Seattle.


*Sunday Times*. (1968), December 17, Singapore.


University of Sri Jayewardenepura, Sri Lanka, (1990), *Prospectus 1990-1994 Faculty of Management Studies and Commerce, Department of Commerce.*


