Undergraduate accounting programmes in developing countries: the case of Iran

Jamal Roudaki
University of Wollongong

Recommended Citation
NOTE

This online version of the thesis may have different page formatting and pagination from the paper copy held in the University of Wollongong Library.

UNIVERSITY OF WOLLONGONG

COPYRIGHT WARNING

You may print or download ONE copy of this document for the purpose of your own research or study. The University does not authorise you to copy, communicate or otherwise make available electronically to any other person any copyright material contained on this site. You are reminded of the following:

Copyright owners are entitled to take legal action against persons who infringe their copyright. A reproduction of material that is protected by copyright may be a copyright infringement. A court may impose penalties and award damages in relation to offences and infringements relating to copyright material. Higher penalties may apply, and higher damages may be awarded, for offences and infringements involving the conversion of material into digital or electronic form.
Undergraduate Accounting Programmes in Developing Countries: The Case of Iran

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

Doctor of Philosophy

From

The University of Wollongong

By

Jamal Roudaki
B.S. (Cost Accounting, Iranian Institute of Advanced Accounting, Iran)
M.B.A. (Central Missouri State University, USA)

Department of Accounting and Finance
August 1996
ACKNOWLEDGMENTS

All thanks go to God. It was Him who created human beings and taught them how to write (the Holy Qur'an 96: 2 & 4). Then, thanks go to Prophet Mohammed (peace be upon him) who directs us to be thankful to God by thanking God's creatures.

This thesis was completed under the supervision of Dr Hema Wijewardena of the Department of Accounting and Finance at the University of Wollongong. I wish to express my sincere appreciation and gratitude to him for his encouragement, constructive guidance and invaluable assistance. I feel that I was fortunate to work with a person who is so committed to his work. I am also grateful to the participants of the questionnaire survey and interviews for their important contribution to the output of my field research. I fully realise that without the assistance of my supervisor and other supporters, it would have been impossible for me to accomplish a study of this magnitude. Therefore, appreciation is due to all those who were involved in helping me in this work.

I wish also to acknowledge my indebtedness to Professor Michael J.R. Gaffikin, the head of the Department of Accounting and Finance for the most supportive academic environment he provided. Appreciation is also extended to Dr Michael McCrae and Dr Warwick Funnell of the University of Wollongong for their constructive comments and encouragement. I am also grateful to my colleagues and friends in various departments and faculties of the University of Wollongong and the University of New South Wales.

I owe a very large debt to my wife and children who sacrificed a lot during the entire period of this study. Finally, I would like to express my grateful acknowledgment to the Shiraz University and the Ministry of Culture and Higher Education of Iran (I.R.) for their sponsorship.
# Table of Contents

Abstract ........................................................................................................................................... xii

## Chapter One: Introduction

1.1 Statement of the Problem ........................................................................................................... 1
1.2 Purpose of the Study ................................................................................................................... 2
1.3 Research Methodology .............................................................................................................. 3
1.4 Need for the Study ..................................................................................................................... 4
1.5 Delimitations of the Study ........................................................................................................ 5
1.6 Organisation of the Study .......................................................................................................... 6
1.7 Definitions of Terms .................................................................................................................. 7

## Chapter Two: Accounting Education in Developing Countries: A Literature Review

2.1 Introduction ............................................................................................................................... 11
2.2 Accounting and Economic Development.................................................................................. 12
2.3 Transfer of Accounting Technology From Developed Countries ........................................ 14
2.4 Inappropriateness of the 'Transfer of Technology' Policy ....................................................... 16
2.5 Problems Confronting Accounting Education in Developing Countries .............................. 20
2.6 Strategies for Enhancing Accounting Education in Developing Countries ......................... 23
2.7 Studies Based on Accounting Education and Practice in Iran .............................................. 32

## Chapter Three: Accounting Education Environment in Iran

3.1 Introduction ............................................................................................................................... 37
3.2 Economic Development ............................................................................................................ 38
   3.2.1 The economic development programmes prior to the Islamic Revolution ....................... 38
   3.2.2 The economic development programmes after the Islamic Revolution ......................... 42
3.3 The Accounting Profession ..................................................................................................... 45
   3.3.1 Accounting profession prior the Islamic Revolution ......................................................... 46
      3.3.1.1 Accounting firms ........................................................................................................ 50
3.3.2 Accounting profession after the Islamic Revolution ........................................... 51

3.4 The Education System in Iran .................................................................................. 56

3.4.1 The education system before the Islamic Revolution ........................................... 57

3.4.1.1 Foreign education for local students ............................................................... 61

3.4.2 The education system after the Islamic Revolution ............................................. 63

3.4.2.1 University education ................................................................................. 66

3.4.2.2 Faculty ........................................................................................................ 67

3.4.2.3 Students ....................................................................................................... 69

3.5 Summary ............................................................................................................... 71

CHAPTER FOUR: ACCOUNTING EDUCATION IN IRAN: PAST EXPERIENCE
AND PRESENT STATUS

4.1 Introduction .......................................................................................................... 73

4.2 Accounting Education Before the Islamic Revolution .......................................... 74

4.2.1 Accounting education in higher education institutions ......................................... 74

4.2.2 The nature of accounting curriculum .................................................................. 78

4.2.3 Instruction and assessment .............................................................................. 83

4.3 Accounting Education After the Islamic Revolution ............................................. 85

4.3.1 Curriculum development .............................................................................. 86

4.3.2 The nature of the current accounting curriculum .............................................. 87

4.3.3 Expansion of higher education in accounting ..................................................... 93

4.3.4 Teaching and assessment .............................................................................. 95

4.3.5 Teaching staff ................................................................................................. 96

4.3.6 Students ......................................................................................................... 98

4.3.7 Textbooks ....................................................................................................... 98

4.3.8 Research .......................................................................................................... 99

4.4 Summary .......................................................................................................... 101
Chapter Five: Research Methodology and Sampling

5.1 Introduction .............................................................................................................. 102
5.2 Sources of information and data ............................................................................... 102
5.3 Population and sample .............................................................................................. 103
5.4 Questionnaire survey ............................................................................................... 104
   5.4.1 Design of the questionnaire ............................................................................... 106
   5.4.2 Pilot Study and revision of questionnaire ............................................................ 107
   5.4.3 Interviews .......................................................................................................... 108
5.5 Statistical techniques ............................................................................................... 109
5.6 Summary .................................................................................................................. 110

Chapter Six: Results and Analysis

6.1 Introduction .............................................................................................................. 112
6.2 Demographic Data of Respondents to the Questionnaire ........................................ 112
   6.2.1 Academic qualifications of respondents .............................................................. 113
   6.2.2 Demographic data of interviewees .................................................................... 118
6.3 Results and Statistical Analysis ................................................................................ 119
   6.3.1 The importance of accounting subjects .............................................................. 120
   6.3.2 Analysis of similarities and differences of opinion on the importance of accounting subjects ......................................................................................... 126
   6.3.3 Deficiencies and overlaps of topics in accounting subjects ............................... 138
   6.3.4 Dropping and adding of accounting subjects .................................................... 139
   6.3.5 The importance of basic subjects ....................................................................... 140
   6.3.6 Analysis of similarities and differences of opinion on the importance of basic subjects ......................................................................................... 143
   6.3.7 Deficiencies in basic subjects ............................................................................. 151
   6.3.8 The importance of general subjects .................................................................... 151
   6.3.9 Aims and objectives of undergraduate accounting education ......................... 153
   6.3.10 Duration of the undergraduate accounting programme .................................... 156
6.3.11 Supplementary activities for improving the quality of accounting education .................................................. 160
6.3.12 Comments and suggestions of respondents .................................................. 163
6.3.13 The practitioners' views on the performance of recent accounting graduates .................................................. 164
  6.3.13.1 Performance of recent accounting graduates .................................................. 164
  6.3.13.2 Desirable competencies for accounting graduates .................................................. 165
  6.3.13.3 Reasons for the inadequacy of competencies .................................................. 167
6.4 Summary .................................................................................................................. 168

Chapter Seven: Findings, Discussion, Conclusions and Recommendations
7.1 Introduction ............................................................................................................. 169
7.2 Overview of data analysis ..................................................................................... 170
7.3 Discussion .............................................................................................................. 174
  7.3.1 Analysis of the objectives of an undergraduate accounting curriculum .......... 174
  7.3.2 Analysis of strengths of the current accounting curriculum in Iran ............. 178
  7.3.3 Analysis of weaknesses in the current accounting curriculum in Iran .......... 182
    7.3.3.1 Excessive emphasis on financial accounting ............................................. 182
    7.3.3.2 Inadequate attention to managerial accounting ....................................... 184
    7.3.3.3 Deficiencies in the area of computer applications in accounting ............ 186
    7.3.3.4 Lack of coverage in some important subject areas ................................. 188
    7.3.3.5 Inappropriate distribution of teaching time among subjects ................. 190
    7.3.3.6 Inflexibility in the contents of the curriculum ........................................... 191
    7.3.3.7 Dropping of the internship programme ..................................................... 194
    7.3.3.8 Lack of periodic revision of the curriculum .............................................. 195
  7.3.4 Duration of the undergraduate accounting programme .................................... 196
7.4 Conclusions ........................................................................................................... 197
7.5 Recommendations for improving the accounting curriculum in Iran 200
Appendices .................................................................................................................. 203
Bibliography ................................................................................................................ 245

vii
List of Tables

Table 2-1: Extremely important accounting education problems and their extremely important reasons, perception of respondents to the AAA’s questionnaire............................................................. 21

Table 2-2: Studies on issues relating to the accounting curriculum in developing countries .................................................................................................................. 31

Table 3-1: Number of higher education institutions in Iran and their percentage increase during 1967-1979 ................................................................. 41

Table 3-2: Number of students in higher education institutions in Iran and their budgeted funds from government and internal sources during 1967-1978 .................................................................................................. 42

Table 3-3: Number and percentage increase from previous year of government budget allocated to higher education between 1989-1993 (in Rials) ...... 45

Table 3-4: The organisational chart of the Iranian Auditing Organisation.............. 53

Table 3-5: Number of employees in the Iranian Auditors Organisation between 1987 and 1994 ........................................................................................................... 54

Table 3-6: Percentage of Iranian Institute of Certified Accountants’ members by their fields of study in 1983 ................................................................. 54

Table 3-7: Distribution of students by their fields of study at Dar-Ol-Fonun in 1851 ............................................................................................................................ 58

Table 3-8: Number and percentage of government and privately sponsored Iranian students in foreign universities .................................................. 62

Table 3-9: Structure of the general education system in Iran .................................. 64

Table 3-10: Organisational chart of the CHEP ...................................................... 66
Table 3-11: Academic staff (full-time and part-time) in Iranian universities and other higher education institutes, 1978-1994 ................................. 68

Table 3-12: Number of full-time and part-time academics in Iranian universities and other higher education institutes, 1988-1994 ............................. 69

Table 3-13: Students profile in Iranian universities and other higher education institutes, 1982-1994 ................................................................. 70

Table 3-14: Number of students in the Islamic Azad University between 1989 and 94 ................................................................. 71

Table 4-1 Number of undergraduate accounting students in higher education under supervision of the MSHE from 1971 to 1978 ............................... 77

Table 4-2: Number of accounting students in junior colleges under supervision of the Ministry of Education from 1971 to 1978 .............................. 78

Table 4-3: The curriculum of the Iranian Institute of Advanced Accounting (IIAA) 1975 ................................................................. 81

Table 4-4: Accounting and business subjects included in the undergraduate accounting curriculum of the University of Tehran: 1973-74 ....................... 82

Table 4-5: The organisational chart of the social science group ................................. 88

Table 4-6: Number and percentage of required semester hours for each field of study in the current accounting curriculum .................................................. 89

Table 4-7: Prerequisites for accounting subjects in the current accounting curriculum ................................................................. 91

Table 4-8: Number of semester hours of teaching in the current accounting curriculum of Iran ................................................................. 92

Table 4-9: Number of accounting students in government universities and junior colleges in Iran during 1979-1993, by academic awards ........................... 94

ix
Table 4-10: Number of full-time accounting teachers in Iranian universities and their academic qualifications ......................................................... 96

Table 6-1: Sample and responses to the questionnaire .............................. 112

Table 6-2: Academic qualifications of accounting educators by field of study ...... 113

Table 6-3: Academic qualifications of accounting practitioners by field of study ... 113

Table 6-4: Academic qualifications of accounting educators by country of award .. 114

Table 6-5: Academic qualifications of accounting practitioners by country of award .............................................................. 115

Table 6-6: Years of teaching and professional accounting experience of educators and practitioners .......................................................... 115

Table 6-7: Number of accounting practitioners by their sector of employment ..... 117

Table 6-8: Use of computers for accounting purposes in organisations where respondents (accounting practitioners) are employed ...................... 117

Table 6-9: Academic qualifications of interviewees by country of award .......... 118

Table 6-10: Importance accounting subjects as perceived by accounting educators and practitioners (ranked by the coefficient of variation of all respondents) .......................................................... 122

Table 6-11: Importance of the three additional accounting subjects as perceived by accounting educators and practitioners (ranked by the coefficient of variation of all respondents) ................................... 124

Table 6-12: Importance of accounting subjects as perceived by respondents when they are grouped according to their experience in teaching .... 128

Table 6-13: Importance of accounting subjects as perceived by respondents when they are grouped according to country of last degree awarded .... 130
Table 6-14: Importance of accounting subjects as perceived by accounting practitioners when they are grouped according to economic sectors......133

Table 6-15: Importance of accounting subjects as perceived by accounting practitioners when they are grouped according to their area of practice 135

Table 6-16: Importance of accounting subjects as perceived by accounting practitioners when they are grouped according to their use of computers in professional practice ........................................137

Table 6-17: Importance of basic subjects as perceived by accounting educators and practitioners (ranked by the coefficient of variation of all respondents) .................................................................142

Table 6-18: Importance of basic subjects as perceived by respondents when they are grouped according to their experience in teaching ..........143

Table 6-19: Importance of basic subjects as perceived by respondents when they are grouped according to the country of the last degree awarded ..145

Table 6-20: Importance of basic subjects as perceived by respondents when they are grouped according to economic sectors....................147

Table 6-21: Importance of basic subjects as perceived by practitioners when they are grouped according to their area of practice ..............148

Table 6-22: Importance of basic subjects as perceived by practitioners when they are grouped according to their use of computers in professional practice..............................................................150

Table 6-23: Importance of general subjects as perceived by accounting educators and practitioners .........................................................152

Table 6-24: Priorities of accounting curriculum objectives as perceived by accounting educators and practitioners ..................................155
Table 6-25: Perceptions of accounting educators and practitioners on the most appropriate duration of undergraduate accounting programme ............157

Table 6-26: Perceptions of respondents on the most appropriate duration of undergraduate accounting programme when the respondents are grouped according to their teaching experience ........................................158

Table 6-27: Perceptions of respondents on the most appropriate duration of undergraduate accounting programme when the respondents are grouped according to country of last degree awarded .......................159

Table 6-28: Perceptions of various subgroups of practitioners on the duration of undergraduate accounting programme ..............................................160

Table 6-29: Perceptions of accounting educators and practitioners on the supplementary activities for improving the quality of accounting education (ranked by the coefficient of variation of all respondents)...162

Table 6-30: Practitioners' assessment of the performance of recent accounting graduates .................................................................166

Table 6-31: Practitioners' assessment of the desirable competencies for accounting graduates .................................................................166

Table 6-32: Possible reasons for the inadequate competencies of recent accounting graduates .................................................................167
ABSTRACT

After the Islamic Revolution in Iran (1979), the entire education system in the country was drastically changed to make it more relevant to the Islamic philosophy. Accordingly, since the beginning of 1982 the undergraduate accounting programmes of all universities and other higher education institutions have been conducted on the basis of a centrally designed common curriculum. From the inception, however, there has been criticism that several features of this new accounting curriculum are not appropriate in terms of the educational objectives and the socio-economic conditions of the country.

This study examined the nature and content of the above accounting curriculum with the purpose of identifying its weaknesses as well as strengths through a survey of perceptions of accounting educators and practitioners in Iran.

The findings of the study reveal that the existing undergraduate accounting curriculum suffers from a number of weaknesses. The excessive emphasis on financial accounting with inadequate attention being devoted to managerial accounting, 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 are some of the major weaknesses identified in the study. Apart from these weaknesses, the ability to provide a broad-base general education to accounting students has been identified as a strength of this curriculum. However, the overall findings of the study show that the existing undergraduate accounting curriculum has not been able to achieve its intended objectives to a satisfactory level due to the above weaknesses. The study also presents a set of recommendations for eliminating the weaknesses and improving the usefulness of the existing curriculum.