

PROFESSIONAL EDUCATION FOR ACCOUNTING PRACTICE: THE CASE OF THE CZECH REPUBLIC

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Abstract

In the Czech Republic there are no formal requirements for completion of certified training as it is in the case of audit or tax professions and there is no specific requirement for the accounting profession in order to hold a senior accounting position. These requirements are, however, standard in other countries. In this study, we focus on the overview and analysis of various forms and institutional arrangements offering accounting education and training for the performance of accounting practice. We analyze secondary and tertiary levels of education focusing on institutions that prepare students for performance of accounting and also on a system of professional education organized by the Association of Accountants and other educational institutions offering more or less extensive accounting courses. We find that, contrary to our initial expectations, general subjects are not neglected at Czech universities. Students spend more time learning general subjects in their bachelor studies and subsequently they concentrate on more specialist subjects in their master's studies. Education for the accounting profession can be achieved on several levels, and some of them are not be directly compatible with requirements of accounting practice.

Key words: accounting profession, professional education, secondary school, universities

JEL Code: M41, I21, A20

Introduction

The current phase of development of Czech society has brought substantial changes in many disciplines. The aim of this contribution is to investigate the state of university (college) preparation for accounting profession. The primary aim is to characterize the range and extent in which the training to perform the accounting profession is recognized and practiced at Czech universities and colleges. Similar issues in relation to the accounting education, although from broader perspectives were previously researched in developed economies (Williams, 1993; Gray and Collison, 2002). The new trends in education in western, namely Anglo Saxon, countries require that graduates are immediately –"usable" in accounting profession. It is therefore ideal that professional training becomes a standard part of university

education. Thus many teaching plans have been influenced by the requirements of accounting associations providing educational certificates (McGee, 1998; Coe and Delaney, 2008 and Weiss 2011).

Prior to the changeover in 1989 teaching and training was relatively accurately organized in clearly distinguished modules. One generation of accounting experts passed the knowledge, experience, and skills to the next generation. Nowadays, some of the previously “manually” performed tasks have been transferred onto technical means. Thus the original algorithms of work are changed. Consequently, in the most activities there is an increasing demand preparation for its performing. On one hand there is a requirement of broader and deeper knowledge of business conduct capturing general relationships with other value creating activities, and on the other hand there is a growing urgency for knowledge of practical skills and exercise of standard bookkeeping activities.

This brings up a system of a relatively large set of new issues for which the educational theory provides only little support. This has been confirmed by extensive discussions of the individual sub-sets of training problems at various types of schools.

1 Specificities of accounting education in transitional economies

The process of transformation of from the centrally planned economy to market based one has been a long-term development. This is going on in specific circumstances while the rest of the world develops in other particular conditions. Here the changes must concern the whole economy as well as the behaviour of individuals. Furthermore, there needs to be changes in the accounting regulation and system of financial reporting. This changeover must be performed in parallel with the development of adequate system of preparation for the performance of accounting profession. Despite of these changes, the position of accountancy as well as accountants did not change very much, especially the perception of responsibility for accounting and financial accounting information provided.

In traditional market economies, the role of the accounting profession and preparation for accounting was a result of long-term process. Such achievement is not only unfeasible (or acceptable) in the short term in the context of transitory economies. Although the preparation of practicing accountants in the Czech Republic has gone through significant qualitative shift, this process is not completed and the current situation does not correspond to the actual needs of advanced market economies. The accountants must participate in management activities and in the system of managerial decision making (i.e. not only to perform correct

bookkeeping). This change of roles puts considerably higher demands on the accountant's preparations.

There may be several reasons for this state of affairs. One important cause is that so far there has not yet been, among other things, any pressure to enforce the legal requirement of professional qualifications for accounting job, at least for certain accounting positions. A recent research review of the Chamber of Association of Chartered Certified Accountants confirmed that there is a need of such requirement in practice (Chrastilová, 2014).

In this review a quarter of respondents confirmed, that accounting certification should be treated by law in the same manner as it is in the case of tax advisors and auditors. Another reason for not insisting on certification may be the far lower perceived risk associated with the quality of work of accounting staff. *"Entrepreneurs do not break their heads over selection of high-quality financial accounting staff. ... In our view there is still not a clear distinction between the regular accounting staff conducting mostly routine operations and qualified accountants..."*(Chrastilová, 2014).

Another level of problems is demonstrated by different forms of preparation of the financial accounting profession. This often takes place in the form of retraining or re-qualification with the use of vocational courses offered by educational institutions. These courses provide the information about accounting operations (bookkeeping) but do not provide a broader background of other linked professional and general knowledge of accountancy.

The most adequate form of preparation for the accounting profession is provided by third level (university) education. Also a study of courses in professional training that is provided by professional organizations (Association of Accountants) assumes a higher level of education e.g. degree in economics.

2 Previous Literature

There is a long on-going debate on the relationship of accounting education and requirements of the accounting profession. Business schools want to specialize in topics that are required by professional exams whilst accounting professors call for more a general approach also due to recent problems in society induced by globalization, cultural diversity and requirements of the knowledge based society.

One stream of the literature concentrates on the needs of accounting profession in SMEs and contrasts them with needs of large companies. Burke and Gandolfi (2014) state that

there is a clear a gap between the accounting needs of small and medium businesses and the academic preparation that is provided by the educational system. Small businesses expect accountants to consult on a wide range of business matters, while in larger companies there is usually some division of labour in accounting departments concentrating on different skills.

There is the tradition that most accounting education programs at universities were too narrowly constructed around professional exams. This resulted in the fact that most accounting educational programmes paid less attention to general knowledge. On the other hand there was also a complaint from the accounting profession that graduates lack training in skills that are required for practicing professionals. As a result demands for changes in accounting education continuously accumulated in many countries over the last two decades (Lin, 2008; Burke and Gandolfi, 2014).

Furthermore remarkable changes have taken place in the business environment. The life-span of products has shortened, business competition has increased, and market condition changes have accelerated since the 1990s. As a result, business restructuring or reorganization became common. These changes in the business environment brought about downsizing pressures for accounting firms. As a consequence current accounting education is challenged by quite large, often very radical changes in the environment in which professional accountants are operating. Boritz (1999) and Albrecht and Sack (2001) identified the major trends that affect the accounting profession:

1 Globalisation has compelled a growing interdependency among communities around the world and has caused a movement towards the harmonisation of practices, standards and professional qualifications.

2 Changes occurred in the nature of professional accountant activity competing with other professionals (Wessels 2004).

3 New business models requiring new styles of management and types of reporting that differ from those that were traditionally used resulted in the need for a whole new set of services aimed at improving the quality of information for decision making.

4 The growth of professional services organisations (replacing the old auditing firms) has changed the face of the traditional accountancy profession. The main issues of accounting services are information technology consulting, tax consulting, and legal services.

5 Changes are also taking place in the educational system as a result of the emergence of Internet-based education, co-operative education and competency-based models.

To summarize, the discussion on the purpose and concept of education for the accounting profession is related to many up-to-date problems not only in teaching but in the

overall economic environment including changes in the business model. The purpose of accounting research is discussed as well as the map of the most suitable accounting degree schemes. The most often discussed topics are the issues of ethics, sustainability, international accounting and new challenges of the globalized business world including issues, challenges brought by new technology and new business model as a result of globalization trends (Wessels, 2004; De Lange & Watty, 2011; Sinet *et al.*, 2011; Boyce *et al.*, 2012; Salem, 2013).

3 Methodology and Data

In our study we use a discursive method to perform an analysis of sample of Czech universities teaching accounting. The information about universities and study schemes was obtained from the internet resources.

Each university or college is identified by its name and locality. Furthermore, the name of faculty, on which the accounting study is provided, including the degree is enlisted. If the name of accounting course is not enlisted it indicates that the study is not provided at that particular university. We are focussing on the general subjects like mathematics, economics, ethics, philosophy, languages, statistics and computer science and on the other hand on the specialized subjects like financial accounting, managerial accounting, IFRS, tax, history, financial analysis etc.

In our comparison we expect that there will be lower proportion of general subjects and higher proportion of specialist subjects. As we have learned from the previous literature. In the study the subjects were first classified in two broad categories: General subjects and Specialist subjects and then the degree schemes were assessed in their complexity on the basis of proportion on each group and on the basis of intended goals for students.

It needs to be said at the beginning that the Czech education comes from a European university education tradition which has been traditionally more broadly oriented than what was the custom in Anglo-Saxon countries, where the tradition comes from more narrow professional orientation.

4 The results

The specification of how each college or university that provides training of future workers in accounting and how it educates accounting professionals in one of the defined field of study (or in a closely related field in conjunction with other disciplines), is contained in Table 1. including the level of study.

4.1 Universities and colleges preparing for the accountancy profession

According to data from the Ministry of Education, Youth and Sports there are currently 72 accredited universities in total. This includes 26 public, 2 state and 44 private universities.¹

At the same time there are 49 universities providing economic programs with a narrower or broader focus. The degree scheme, which prepares students for accounting profession, is entitled "Accounting and Taxes" and it is included in the group of "Social sciences, business and law" disciplines². Out of these 49 universities with economic programs there are 10 universities preparing for the accounting profession (please, see Table 1).

These universities make up 14 per cent of the total number. Universities with economic focus make up to 20 per cent. That is in one of the college's discipline narrowly concentrates on accounting. In the other schools the accounting is always combined with taxation or business financial management. There are also differences included in the individual degrees of study. At some universities, preparation is included only at the bachelor level but only in one case is this discipline is taught solely at the master's level.

Tab. 1: Universities and colleges offering degree courses for performance of the Accounting profession in the Czech Republic

	University name	Study scheme at the bachelor's level	Study scheme at the master's level
1	University of Economics, Prague		
	<i>Faculty of finance and accounting</i> Department of financial accounting, Department of management accounting	Accounting and financial management of enterprise	Accounting and financial management of enterprise
2	University of South Bohemian, České Budějovice		
	<i>Faculty of economics</i> Department of accounting and finance	Accounting and financial management of enterprises	Accounting and financial management of enterprise
3	Masaryk university, Brno		
	<i>Faculty of economics and administration</i> Department of finance	Finance and accounting (currently only Finance specialty)	Finance and accounting (currently only Finance specialty)
4	Mendel university, Brno		
	<i>Faculty of Business and Economics</i> Department of Accounting and Taxes	--	Accounting and Taxes
5	Silesian University, Opava		
	<i>Faculty of trade and enterprise</i> Department of finance and accounting	Accounting and Taxes	--
6	Tomas Bata University, Zlín		

¹MŠMT ČR (2014), *List of colleges (Přehled vysokých škol)*. Available at: <http://www.msmt.cz/vzdelavani/vysoke-skolstvi/prehled-vysokych-skol>. Online [2014-10-27]

²Research report „Research report of the investigation of the accredited and non-accredited training programs in the year 2012 (published 12/2013), prepared by MSMT CR in cooperation with the National Institute for Education, p. 27. Available at www.msmt.cz/file/32955/. Online [2014-12-17]

	<i>Faculty of management and economics</i> Institute of finance and accounting	Accounting and Taxes	--
7	Technical University, Ostrava		
	<i>Faculty of economics</i> Department of accounting	Accounting and Taxes	Accounting and Taxes
8	Technical university, Brno		
	<i>Faculty of enterprising</i> Institute of finance	Accounting and Taxes	Accounting and financial management
9	Private university college of economic studies, Prague Department of accounting and finance	Accounting	--
10	Private university college of economics, Znojmo Department of finance and accounting	Accounting and Financial Management	--

Source: www.msmt.cz and own investigation,

Note: shortened and adopted from: Jindrichovska, Kubickova, *forthcoming*

4.2 General vs. specialist courses in accounting degrees in the Czech Republic

By comparing the requirements of professional exams and the offerings by Czech educators we see that some universities run their courses very close to requirements of international professional bodies. Therefore we expected to find that local accounting practices play a minor role and a major role is played by of international practices in particular with regards to IFRS. We also expect to find dominating national regulation with respect to taxation. The comparison is in Table 2.

Tab. 2: Comparison of teaching plans of selected Czech universities teaching accounting

	UE (VSE) Prague		PCE (SVSE) Znojmo		VSB-TU Ostrava		UTB Zlín	
<i>Bachelor degree</i>								
<i>Subjects:</i>	<i>Abs.</i>	<i>%</i>	<i>Abs.</i>	<i>%</i>	<i>Ab.</i>	<i>%</i>	<i>Abs.</i>	<i>%</i>
Compulsory	28	100	37	100	37	100	32	100
- G (incl. Languages)	16(18)	57(64)	22	59	17	46	16	50
- S(incl. Languages)	12(10)	43(36)	15	41	20	54	16	50
compulsory optional	13	100	23	100	32	100	33	100
- G	4	31	12	52	27	84	31	94
- S	9	69	11	48	5	16	2	6
Total	41	100	60	100	69	100	67	100
- G	20	49	34	57	44	64	47	70
- S	21	51	26	43	25	36	20	30
<i>Master Degree</i>	--	--	--	--	--	--	--	--
Subjects:								
Compulsory	10	100			20	100		
- G (incl. Language)	4	40			9	45		
- S	6	60			11	55		
compulsory optional	40	100			24	100		
- G	14	35			14	58		
- S	26	65			10	42		
Total	50	100			44	100		
- G	18	36			23	52		
- S	32	64			21	48		

Source: own investigation, websites of the universities

Note: G = general, S = specific

A comparison of curricula of bachelor's degree programmes shows that the prevailing share has generally focused subjects in three of four universities. The University of Economics in Prague has a slightly lower proportion of general subjects. Of the universities compared the highest proportion of wide-ranging general subjects displays the UTB Zlín, whilst the lowest proportion is at the University of Economics in Prague. As it concerns the curricula of master's degrees at the two universities, the situation is balanced: one has a larger share of general subjects and the other has a greater proportion of specialties.

For comparison of the Czech universities with internationally renowned affiliations we have chosen a British flagship - the London School of Economics. At the London School of Economics the degree programme in Accounting and Finance concentrates on more than just computational skills. Both subjects Accounting and Finance are central to the way in which management, shareholders and various other stakeholders understand and seek to change and control the nature of organisations. The university prepares graduates to work in the areas of professional accountancy, investment banking, investment analysis, management consultancy and financial management, as well as further academic study.

At the LSE the bachelor degree involves studying 12 courses over three years, plus LSE100 (compulsory course at the beginning of study)³. Half of the courses are in accounting and finance, and half in related disciplines. The students have an opportunity to specialise in various fields within the subject area. The graduate degrees involve studying 6 compulsory and 4 optional courses from the range of 20 optional courses of both general and specific nature.⁴

Conclusion

Contrary to our initial expectations, we have found that at Czech universities general subjects are not neglected. Students spend more time learning general subjects in their bachelor studies and subsequently they concentrate on more specialist subjects in their master's studies.

This study explored where the accounting is taught at Czech universities including the distinction between undergraduate and graduate education. Furthermore, we have concentrated on accounting curricula and on the proportion of general and specialist subjects at Czech universities, because professionals often complain that graduates lack general

³The course entitled LSE 100 introduces students to the fundamental elements of thinking like a social scientist. LSE100 uses current issues of public concern and intellectual debate to explore these questions from the perspective of different disciplines.

⁴ London School of Economics - Degree Programme Characteristics. Available at: http://www.lse.ac.uk/study/undergraduate/degreeProgrammes2015/accountingAndFinance/NN34_BSc_accfin.aspx. Online[2014-08-18].

knowledge and usually specialize only on a relatively narrow set of subjects that enables them to successfully pass the professional exams and to reach the certification.

Up to this moment we did not explore any other indicator than number of general and specific subjects. It would be also useful to explore the number of credits gained in each subject. Another approach to the problem might be to explore the nature of electives that were actually chosen by students and/or to explore qualitatively the degree schemes and assess the learning outcomes. In addition, implementation of new courses would warrant our interest. Moreover, the classification into general and specialist requires a more thorough justification (i.e. classification of the course “financial mathematics” or “information technology” etc.) that are associated with each subject to increase the explanatory power of our study. We are also aware that the sample of Czech universities under investigation is rather limited. Nevertheless, this sample encompasses all Czech universities that are explicitly claiming to prepare students for the career of professional accountant.

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