

Title

**An investigation into the changes relating to duties and image
of small to medium sized accountancy firms, with an
emphasis on firms in the midlands, over the past ten years.**

By

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Masters of Arts in Accounting

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Declaration

I declare that the work described in this dissertation is, except where otherwise stated, entirely my own work and has not been submitted as an exercise for a degree at this or any other higher education institution.

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Executive Summary

The accountancy profession has been continuously evolving over time, particularly in the past ten years. The financial crisis played a big role in changing the method in which accountants interact with their clients; and also the range of duties accountants perform for their clients. Additionally, the image of the profession underwent scrutiny following the revelations of the part accountancy firms played in the collapse of certain banks.

This research project aims to provide an in-depth examination of the various changes to the accountancy profession that have arisen in the recent past, with particular focus the fallout from the banks. Finally, the author explores potential routes forward for the accountancy profession.

The literature used was mainly from articles found in '*Accountancy Ireland*' magazines. The author deemed these to be the most relevant to his research project. The author also found online sources extremely helpful.

The study was restricted to Chartered Accountancy firms in the counties of Westmeath, Offaly, Roscommon, and Longford. The research methodology consisted of an online questionnaire and a semi-structured interview. In total, the author received twelve responses from the questionnaire.

The research findings show that a change has occurred in the profession in the past ten years. New areas of expertise have been introduced. The emergence of IT in the workplace has given practitioners fresh ways in which to interact with their clients. In addition, the image of the profession has certainly suffered a hit due to the recession;

however, the author believes the subject of recovery to be high on the agenda of the Institute of Chartered Accounts Ireland.

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List of Abbreviations

ACCA- Association of Chartered Certified Accountants

ASSC- Accounting Standards Steering Committee

CAI- Chartered Accountants Ireland

CARB- Chartered Accountants Regulatory Board

CPD- Continuing Professional Development

ERP- Enterprise Resource Planning

ICAI- Institute of Chartered Accountants Ireland

ICT- Information and Communication Technology

IT- Information Technology

MIS- Management Information Systems

R&D- Research and Development

Chapter One

Introduction

Chapter One:

Introduction

1.1 Introduction

This chapter will offer an initial overview of the research project. It contains the background to the study, the rationale for undertaking the study, the specific research aim, and the research objectives. It also provides a brief outline of the research project as a whole, explaining what each chapter will contain.

1.2 Research Aim

To gain an understanding of the change in the accountancy profession in the last decade; and establish possible routes forward for the profession in the near future.

1.3 Research Objectives

The Research Aim is broken down into the following objectives:

1. To establish the range of skills required from the modern accountant, and investigate whether they differ from those of ten years ago.
2. To develop an understanding of the factors accountancy firms deem important in maintaining a healthy relationship with clients.
3. To examine the change in the image of an accountant in the last ten years.
4. To identify the next step/steps for the profession.

1.4 Rationale for undertaking the study

The author is currently completing a Master of Arts in Accounting at the Athlone Institute of Technology. As part of his partaking in the programme, the author is required to complete a research project on a topic of his choice. Prior to his participation in the Masters programme, the author completed a Bachelor of Commerce and Accounting degree in the National University of Ireland Galway. On completion of the Masters programme, the author will begin a three year trainee contract with an accountancy firm, and will attempt to become qualified as an accountant with the professional body, Chartered Accountants Ireland (CAI).

Clearly, the author has an interest in accountancy, as both a subject of study and as a career path to pursue. Therefore, it seemed logical the author conduct a research project on accountancy.

Having worked part-time in his father's accountancy firm since he was sixteen, the author grew accustomed to the changing environment of an accountant's practice. For example, he became aware of the ever increasing significance of Information Technology (IT) within the firm. The author found the transformation interesting and thus, wished to comprehend the other changes that had occurred in the profession in the recent past.

At the beginning of the author's search for a job in an accountancy firm, he was required to fill out application forms for firms to which he applied. The author was surprised by the number of different areas a potential trainee could choose to specialise within a firm. He originally believed the areas of choice would be Audit, Taxation, or Accounts; and Consultancy in the larger firms. However, the information on Deloitte's Graduate Recruitment Web-page shows how wrong the author was. Along with Audit, Taxation, and Consultancy; the departments in Deloitte include Corporate Finance, Enterprise Risk Services, SME Services, Pensions and Reward services, and Corporate and Legal Services. (Deloitte, 2012)

The question '*since when did an accountant's job involve more than simply balancing the books or doing the taxes?*' sprang to the author's mind. By conducting this research project the author hopes to understand the numerous changes that have occurred throughout the accountancy profession, and to develop an opinion on the route the profession will be taking in the approaching years.

1.5 Background to the study

The term '*accountant*' has had different meanings throughout history. Different people have a different opinion as to the duties actually performed by an accountant. A man on the street might tell you an accountant sits at a desk and types numbers into a spreadsheet all day. Britt (2002) however, believes the appearance of an accountant as a boring person with poor communication skills, crunching numbers all day in a lifeless occupation can be disregarded. "*Accountants today often must be creative in solving the varied problems they encounter.*" (Britt, 2002) A researcher may receive ten different responses from ten different individuals when asked what they believe to be the services performed by an accountant. These responses may all be true and valid. Part of the author's ambition is to establish the range of duties performed by the modern day accountant, and determine whether or not they have changed in the past ten years.

In recent years, the image of an accountant has been placed under the spotlight due to the economic downturn. The episode with the Lehman Brothers, and Ernst and Young's involvement in the collapse of Anglo Irish Bank did not help the image of accountants around the globe. The negative image of the accountant began before the banking crisis however. Throughout history the image of the accountant has been negatively portrayed in films, television programmes, and advertisements. Accountancy Bodies have attempted to counter-act this negative stereotype with advertisements of their own. There have also been many articles written on the multiple efforts accountants have made in order to restore the profession's image. The author wishes to gain a more profound understanding of the origin of the stereotypical accountant.

One would simply have to browse through the latest edition of the ‘Accountancy Ireland’ magazine to uncover different experts in the profession’s opinions about the future of accountancy. The author wishes to investigate the diverse range of theories people have about the route forward for the profession.

1.6 Research Methodology

In chapter three, the author will employ the ‘Research Onion’ to explain the methodology used in order to collect both qualitative and quantitative data.

The author will adopt a research philosophy known as pragmatism. Pragmatism is a combination of interpretivism and positivism and caters for the use of the mixed methods approach of using both qualitative and quantitative data. The data will be collected by means of an online questionnaire and a semi-structured interview. On completion of the questionnaire and the interview, the author will immediately commence analysing the data.

1.7 Project Roadmap

1.7.1 Chapter 1: Introduction

This chapter provides the reader with the rationale and background of this research project. It also highlights the research aim and objectives and the methodology employed by the author in order to achieve them.

1.7.2 Chapter 2: Literature Review

The aim of this chapter is to critically assess the relevant literature on the evolution of the accountancy profession. The chapter begins with a brief description of the 'traditional' accountant. As the chapter progresses, the author will demonstrate how over time, the profession has evolved in terms of services it provides and its image. The chapter concludes with differing opinions on what is in store for the profession in the near future.

1.7.3 Chapter 3: Methodology

The foundation of this chapter is the 'Research Onion'. The author will use the six layers of the research onion to display the various research techniques and methods employed to collect desired data in order to achieve the research aim and objectives.

1.7.4 Chapter 4: Analysis of Findings

This chapter presents an analysis of the findings that are a result of the methodology employed in the previous chapter.

1.7.5 Chapter 5: Discussion of Findings

This chapter discusses the findings from chapter four. The author seeks to relate those findings to the literature review, and the research aim and objectives. The chapter also contains limitations to the study and provides a framework for possible future research. The chapter will conclude with a personal reflection of the research experience as a whole.

1.7.6 Chapter 6: Conclusion

The final chapter will present the conclusions of the research and will discuss whether or not the author fulfilled his research aim and objectives.

1.8 Summary

The accountancy profession has undergone a change in the recent past. A range of experts have offered their opinions on the cause of this change and on what they believe to be the next step for the profession. The following chapter will discuss the relevant literature on this change to the accountancy profession.

Chapter Two

Literature Review

Chapter Two:

Literature Review

2.1 Introduction

“A literature review is an evaluative report of studies found in the literature related to your selected area. The review should describe, summarize, evaluate and clarify this literature. It should give a theoretical basis for the research and help you determine the nature of your own research.” (Maxwell, 2005)

The aim of this chapter is to provide the reader with a summary of the progression of the accountancy profession since the 1970's. Firstly, the author will describe the role and duties of the traditional accountant. With the use of relevant literature, the author will then display the evolution of the profession over time, with specific focus on fulfilling the research objectives:

1. To establish the range of skills required from the modern accountant, and investigate whether they differ from those of ten years ago.
2. To develop an understanding of the factors accountancy firms deem important in maintaining a healthy relationship with clients.
3. To examine the change in the image of an accountant in the last ten years.
4. To identify the next step/steps for the profession.

2.2 Methodology

The research for the literature review was conducted using a combination of web sources and journal articles. The online sources used were predominately Google Scholar, Google Advanced Search, and certain Databases in AIT's online Library; including Emerald and Factfinder Business. The author also found various organisations' web-sites useful; in particular the web-sites of the Institute of Chartered Accountants Ireland (ICAI) and the Association of Chartered Certified Accountants (ACCA). The author was fortunate enough to have access to a large number of Accountancy Ireland magazines dating back as far as 2008. The Accountancy Ireland magazines proved valuable sources of information and feature significantly throughout the chapter.

2.3 The Traditional Accountant

In order to discover the most elementary definition of an accountant, one might simply search the term in a dictionary. That is exactly what the author proceeded to do. “A *person concerned with the maintenance and audit of business accounts and the preparation of consultant reports in tax and finance*”. (Collins, 2013) Throughout the research project, the author found an abundance of writers who expanded on this definition. Cotter (2011) believes the role of the traditional accountant was observing the business world in a neutral and impartial manner. He continued by stating its key function was “*the recording of business transactions and events, and the provision of reliable information on firms' performance and financial position.*” (Cotter, 2011) In addition, the duties of the traditional accountant can be viewed as the “*collecting, analysing and communicating of economic information*”. (Atrill & McLaney, 2004)

Another opinion of the duties performed by the traditional accountant is the preparation of data of a given organisation for those who were not involved in the everyday running of the company. More specifically, the traditional accountant “*generates key documents, which include profit and loss account, patterning the method of business traded for a specific period and the balance sheet that provides a statement, showing mode of trade in business for a specific period. It records financial transaction showing both the inflows and outflows of money from sales, wages etc. Financial accounting empowers the managers and aids them in managing more efficiently by preparing standard financial information.*” (Sant Gadge Baba Amravati University, 2010)

Finally, the traditional accountant was simply summed up by describing them as “*number crunchers, focussing on numerical accuracy, routine recording and calculation methods.*” (Parker, 2000)

There were countless definitions of a traditional accountant the author came across that essentially meant they dealt with the numbers in an unbiased manner and then gave their findings to management. Management would then use these findings to make the key decisions regarding the firm. Accountants were not expected to contribute to the decision making side of things within an organisation and were seldom held accountable when cracks began to appear in their respective companies. Consequently, the accountant was rarely praised when decisions made were successful, as a result of their findings. As time progressed however, the accountancy profession began to evolve.

2.4 The beginning of change in the Accountancy Profession

There are various experts who offer diverse insights into the cause of the evolution in the profession. The author outlines below the two most prominent of those insights he encountered whilst examining the relevant literature in this area.

2.4.1 *The rise of Economic Consequences*

Zeff (1978) believes the ‘accountancy evolution’ began when civilisation first started to hold financial institutions responsible for their actions in the 1970’s. Society became aware of “*the impact of accounting reports on the decision making behaviour of business, government, unions, investors, and creditors*” (Zeff, 1978). Unsurprisingly, the accountant was viewed in a similar manner to those mentioned earlier in the chapter, i.e. the duties of the accountant being confined to the measurement of assets and liabilities and ensuring that the financial position of the organisation was presented fairly. His opinion changed significantly once he understood that accounting was no longer “*an impartial observer of the business world*” (Zeff, 1978). Cotter (2011) agrees that since the 1970’s there has been a realisation that accounting information has enough influence to manipulate the levels of wealth in society. He calls this impact ‘economic consequences’ and claims that accounting has the power to shape and alter the world in which we live. Cotter (2011) continues by outlining some documented examples of how certain accounting standards had consequences for the economy as a whole. One such example occurred in 1975, when an angry response was provoked from the UK aerospace industry by the Accounting Standards Steering Committee’s (ASSC) proposal to write off all Research and Development (R&D) expenditure as an expense, on the grounds

that government funding was based on balance sheet asset levels. *“Under intense pressure to withdraw its proposal, the ASSC issued new standards that permitted the inclusion of certain R&D expenditure as an asset.”* (Cotter, 2011)

A recent example of the ‘economic consequences’ of accounting standards arose during 2008 in the United States of America. *“During the 2008 US presidential election, the Republican candidate, John McCain, blamed accounting’s fair value rules to contributing to the financial crisis. Those concerns were echoed by Nicolas Sarkozy, who held the presidency of the European Union at that time. Amid falling stock prices, investment banking firms such as the Lehman Brothers were forced to write down the value of their assets, spreading panic among investors, and triggering further falls in stock prices which led to a deepening of the crisis.”* (Cotter, 2011) Al-Moghaiwli (1999) agrees with Zeff and Cotter in relation to the ‘economic consequences’ of accounting standards as he is of the opinion that they first arose in the 1970’s and he insists they have attracted increased attention in the last 20-30 years. He claims ‘economic consequences’ are involved in the transformation of the accounting profession because they altered the behaviour of management. He wrote, *“Factors that affect management's attitudes in choosing among alternative accounting methods are established through the political cost theory and the contracting and agency theories. Using these theories, this study hypothesises that company size, the presence of Government debt and/or donations, the ratio of foreign employees to total employees, the presence of management compensation plans, and insider ownership provide incentives for the management of Saudi joint stock companies to adopt income-increasing or -*

decreasing accounting policies.” (Al-Moghawli, 1999) There are, of course, other outlooks on the causes of change in the accounting profession.

2.4.2 The Role of IT in the evolution of Accountancy

Bruce (2005) credits the technological revolution as a huge factor in providing the accountancy profession with a new found standing. He claimed that before the progression of IT, financial reporting was fundamentally working with just the figures. *“As soon as screens appeared on everyone’s desks everyone was involved in all of the business. Finance was no longer a back-room function. Everyone had been given the ability to participate.”* (Bruce, 2005) Hunton (2002) agrees with the idea of information and communication technologies (ICT) radically transforming the nature of accounting practice by offering new and exciting research prospects to accounting firms. He elaborates by listing rather complex issues that technology can resolve. These issues may not have arisen in the past but may pose a potential problem to accounting firms in today’s technological, connected global environment. The list includes: *“how to capture and record new business transactions and events, develop value-added business and information processes, create new value-chain and supply-chain opportunities, disseminate useful knowledge to a wide array of information consumers, and provide assurance services across the entire spectrum of economic activities reflecting some of the more compelling topics of interest. Accounting researchers can add value to the profession by investigating these issues, among others, and presenting scientific results in a clear and understandable fashion to practicing accountants.”* (Hunton, 2002)

Additionally, Efendi, et al. (2006) reiterates the importance of the utilisation of technology in accountancy firms, claiming it has a vital function in modern business, particularly with accountancy.

Menton, (2012) states that easy-to-use accounting and bookkeeping packages, for example an automated trial balance, have long ago replaced the use of multiple ledger books. This has reduced the occurrence of an accountant acting as a 'jigsaw-puzzle solver'. *"In the past, Chartered Accountants in practice could instance many situations where initial contact with a new company or individual looking for advice was marked by the presence of cardboard boxes and black sacks of documents including invoices waiting to be paid, unopened bank statements and Revenue correspondence."* (Menton, 2012) With clients becoming ever increasingly computer literate, they can now update and maintain their books themselves instead of employing an accountant to complete these tasks. A good accounting system is pivotal to the success of a business. *"Financial information, easily available from a basic accounting package, if kept up-to-date, can enable a business to make operational financial decisions contributing to both survival and growth, especially during the present era of cuts and competitiveness."* (Menton, 2012)

Prior to the integration of the internet and accounting networks, the presence of IT in the organization, more often than not, took the form of *"specific computer application systems, such as accounts payable and financial reporting systems, which either automate specific operational procedures or support certain managerial processes"* (Teng & Calhoun, 1996) However as time progressed, IT began to impact organisations in a wide variety of fashions. *"Integrated systems, such as Enterprise Resource Planning (ERP) systems, Internet,*

Intranet, and so on, walk hand in hand with the most recent developments in company know-how.” (do Céu Gaspar Alves, 2010) With this new wave of Information Technology came responsibility on behalf of the accountant. It was their duty to keep up to date with the ever changing technologies being implemented by management.

2.4.2.1 Continuing Professional Development

Chartered Accountants must undergo ‘Continuing Professional Development’ (CPD) to *“develop and maintain the level of competency necessary to provide high quality services to clients, employers and other stakeholders.”* (Chartered Accountants Regulatory Board, 2012) To sustain a high level of know-how in relation to IT, paragraph 2.1 section 130.1(b) of the Continuing Professional Development Regulations handbook requires members of the ICAI *“to act diligently in accordance with applicable technical and professional standards when providing professional services.”*

2.4.2.2 Management Information Systems (MIS)

Management Information Systems (MIS) were developed to support the new accountant’s role. MIS is *“a set of procedures that collects (or retrieves), processes, stores, and disseminates information to support decision making and control. It provides managers with reports and, in some cases, on-line access to an organisation's current performance and historical records.”* (Lauden & Luaden, 1991) MIS allows users to *“plan, manage, create and innovate; analyse and solve real business problems; and give competitive advantages to businesses.”* (Florida

Atlantic University, 2012) Although the aim of MIS was to aid the business world, in some cases it hindered the progress of the accountant. *“The new management information systems generated all the information without regard to its relevance and the accountant was forced to become the interpreter of information”* (Crescenzi & Kocher, 1984) Edmunds & Morris (2000) call this a ‘paradoxical situation’ in which it is quite problematic to acquire the desired information; even if there is an abundance of it available.

2.5 The Image of the Stereotypical Accountant

Much has been written about the stereotypical image of an accountant. From the different adjectives describing the role of the traditional accountant, i.e. impartial, neutral, etc. it is no surprise the negative image held by the wider community of the accountant. Baldvinsdottir, et al., (2009) believes traditional accountants were perceived as responsible and rational individuals with a stereotypical image of having a boring, uninteresting and dull personality. Similarly, there is a *“persistent stereotype of accountants as desk bound, calculative, numbers people.”* (Parker, 2011) Carnegie & Napier, (2010) go as far as saying that one may gain a competitive advantage over others when seeking employment, if they live up to the unexciting stereotype. *“Those recruiting potential accountants for professional firms may have a stereotypical view of accountants as ‘good at numbers, bad at words’, and consequentially may favour applicants offering such attributes.”* (Carnegie & Napier, 2010) There is a list of negative aspects to the stereotype of an accountant. *“The traditional accountant is dull, boring and colourless, excessively fixated with money, pedantic, un-commercial and*

shabby.” (Fiske & Taylor, 1991) On the other hand, they consider that in some cases a positive attitude is held towards the stereotypical accountant. They argue that on the positive side, *“the traditional accountant is honest and trustworthy, careful with money, painstaking, reliable, polite and well-spoken.”* (Fiske & Taylor, 1991) There is a difference in opinion as to the origins of the numerous stereotypes of the image of traditional accountant. Studies have examined perceptions of accountants in movies, the media, art, humour and satire, novels and other areas. (France, 2010)

2.5.1 Accountants in the media

The media can have a huge impact on the opinions of the general public and there is a view that advertising and marketing has a large part to play in depicting the image of an accountant. From a study conducted by Hoffjan in 2004, it was discovered that both negative and positive stereotypes of the accountant were evident in 73 advertisements relating to the work of a management accountant. In another study, this time conducted by Friedman & Lyne, (2001), the negative image is further highlighted in 95 magazines, newspapers and journals. A large proportion of the adverts predictably subscribed to the ‘number-cruncher’ and ‘socially awkward’ stereotype. The management accountant was portrayed as a rather *“inflexible, passive, and uncreative specialist who, as a result of those qualities, often demotivated others. The personal characteristics of the management accountant are shown in a negative light. This gives him/her the unappealing image of a humourless, envious, dissociated, and ascetic corporate-person.”* (Hoffjan, 2004) Smith & Briggs, (1999) noted that adverts placed an emphasis on white males who had a

rigid attitude and were prone to unethical behaviour. Other adverts shone a more favourable light on accountants; claiming they “*identify themselves to their task to the maximum degree, are loyal to their company, and are well organised in their work.*” (Hoffjan, 2004)

2.5.2 Accountants on the ‘Big-Screen’

The portrayal of accountants in movies and on television programmes has added to the ‘boring’ stereotype and has given the public a visual aid in depicting the appearance of an accountant. “*Films are among the most visible and accessible artifacts of modern popular culture, serving both to reflect and to generate social values.*” (Beard, 1994) It is no secret how poorly the image of an accountant was portrayed on the ‘big screen’; therefore, it is not a coincidence that the majority of society held such a weak opinion of the profession. In a study conducted by Felton, et al., (2008), analysing 91 films distributed between 1932 and 2000, containing 110 accounting characters in a main or supporting role, it was found that 60% of the characters engage in some unethical act. The study observed that accountants in movies “*tend to value competency and work hard at projecting that image*” but it also revealed “*competency was strongly related to unethical behaviour*”. (Felton, et al., 2008) An example of unethical behaviour can be seen in the 1988 movie *Midnight Run* that stars Robert De Niro as a bounty hunter who is searching for an accountant who embezzles \$15 million from the mafia. Cory, (1992) illustrates the negative portrayal of accountants in films by using terms such as socially backward, dull, tight fisted, spineless, and insecure. There is an argument however, that finds the

representation of accountants in movies quite satisfactory. *“Movie accountants are depicted as dedicated and better educated than average, although usually subordinate to others.”* (Holt, 1994)

The negative stereotype is not only seen in the actions of accountants in the movies, as more often than not, their personality is not one to be treasured. In the 1989 comedy ‘Lethal Weapon II’, Joe Pesci plays an incredibly annoying and talkative accountant who uses a high-pitched nasal whine throughout. Additionally, Jack Nicholson plays a deeply dysfunctional certified public accountant in the 1971, Oscar winning, *Carnal Knowledge*. Negative portrayals of the traditional accountant were not restricted to the big screen however.

2.5.3 Accountants on the television

Various television programmes and sketch shows cast an unfavourable light on the personality of accountants. Most notably Monty Python’s sketches in the 1960’s were rather fond of mocking accountants. The author now quotes from the BBC’s broadcast of *‘Monty Python’s Flying Circus’* on 21st December 1969: *“Our experts describe you as an appallingly dull fellow, unimaginative, timid, lacking in initiative, spineless, easily dominated, no sense of humour, tedious company, irrepressibly drab and awful. And whereas in most professions these would be considerable drawbacks, in chartered accounting they are a positive boon.”* Throughout the past 20-30 years, the pessimistic stereotype has been sustained by popular television shows. On *‘Cheers’* there was Norm, who was actually likeable, however he constantly moaned about life. On *‘Roseanne’* there was Art, who was divorced, conservative, square, and uninteresting. Even

in one of the author's favourite television show '*The US Office*', the three characters in the accountancy department were: extremely unintelligent, uptight and cross, and a know it all.

2.6 The accountancy profession post-recession

2.6.1 The impact of the recession on the reputation of the profession

The current economic meltdown undoubtedly had a huge impact on financial institutions on a global scale, and it is no secret that accountants are partly to blame for their discouraging role in this catastrophic debacle. Before the current recession, there were warning signs that accountants simply failed to notice. Gherai & Balaciu, (2011) list some famous examples of where unethical behaviour by an accountant had large financial consequences:

- Enron: off balance sheet activities led to the chief financial officer being prosecuted. The company became bankrupt and billions of equity value was lost;
- Adelphia Communications: Off balance sheet loans to senior officers resulting in their imprisonment.
- Xerox: Creative accounting methods used to overstate profits by \$1.4 billion;
- Global Crossing: Filed for bankruptcy after fiddling of accounts;
- Qwest Communications: The chief executive officer resigned due to profits being restated. Assets were cut by 50%, or \$34 billion.

- Health South: \$1.4 billion worth of false entries created in the income statements and balance sheets;
- The \$110 billion merger of AOL and TimeWarner was cemented with inflated accounting of AOL revenues. Within 18 months the company's value declined 75%, and massive write-downs of asset values were taken – AOL's 2002 earnings were written down by \$98.7 billion (a figure only slightly smaller than the European Union's budget for 2003). Civil litigation followed for damages to investors;
- Bristol-Myers: Restated \$2.5 billion in sales and \$900 million in profits after inflating distributor's stock levels. The antitrust lawsuit was settled for a cost of \$670 million;
- Ahold in The Netherlands: The chief executive officer was fired and the stock price collapsed after an American subsidiary was found to have falsely reported earnings;
- HIH insurance group in Australia: collapsed with debts of \$3.1 billion after consistently understating claims liabilities. The chief executive officer, among other things, spent A\$ 340,000 on gold watches in 1 year.

As displayed in the examples above, fraudulent activity can have a disastrous aftermath. It therefore appears astonishing the number of revelations of unethical behaviour that have emerged in the past few years that don't bode well for the accountancy profession. It seems accountants did not learn their lesson. Hannaway, (2011) considers it fair that some of the adverse public comment regarding the recession is directed towards the accountancy profession, and he feels the reputation of the profession has been damaged. However, he believes the financial crisis was

not solely down to actions of accountants. *“The crisis in the banking sector has impacted on our reputation, no doubt about that. But that crisis wasn’t solely of our making. In the USA, in the five years prior to 2008, there were eleven bank failures but in 2009 alone, a staggering 140 banks collapsed, with a further 139 going under in 2010- a year in which 53% of US banks failed stress tests, as compared to just 8% throughout the EU. (Hannaway, 2011)*

Slattery, (2012) is of a similar opinion to Hannaway as he also believes accountants had only a moderate role to play in the banking crisis. He is of the view that although certain members of the ICAI have acted in an unethical manner throughout the economic turmoil, they are a *“tiny minority amongst a body who have served the country’s interests well over generations”*. Speaking on behalf of the ICAI, *“Unfortunately, our entire membership often suffers the consequences. Think ethically, act with integrity must be our maxim. Being a member of this Institute brings status, but also responsibility, particularly in the area of ethics and setting standards by which business must conduct itself.”* (Slattery, 2012)

In an attempt to rebuild the reputation of the accountancy profession, CAI unveiled a corporate video entitled *‘Driving Ireland Forward’*, which highlighted the crucial role Chartered Accountants played in driving the Irish economy both north and south of the border. It is a high quality video with a fast tempo that provides a quick but comprehensive overview of the Chartered Accountancy profession in Ireland. *“The video is primarily aimed at an external audience. It will be used to support the Institute’s brand-building activities and to illustrate the contribution which the profession makes to build the economy.”* (Webb, 2012) When speaking about the video, Bryan Rankin, Marketing Manager for the Institute, said, *“we want to demonstrate how Chartered Accountants are driving the local economy, adding*

value to every local sector as well as using their networks to bring overseas investment into Ireland, and influencing policy debate both in government and across Europe.” The ‘*Driving Ireland Forward*’ video is just one example of attempts made to repair the image of the profession. Hannaway, (2011) stated that an initiative he was interested in was ‘*Chartered Accountants Charity Day*’. “*The intention of this initiative is to mobilise all Chartered Accountants across the island of Ireland to raise much needed funds for selected charities whilst also raising the profile our members and of our Institute.*” (Hannaway, 2011) On 20th April 2012 Chartered Accountants Ireland's inaugural Charity Day was launched. Following its success, Chartered Accountants Ireland amalgamated with Aware, an organisation offering support and understanding for people experiencing depression, to organise ‘*Chartered Accountants Charity Weekend*’ which took place from the 19th-21st of April 2013. Another initiative being implemented annually by CAI is the Annual Daffodil Day Breakfasts in aid of Irish Cancer Society. This scheme raised over €10,000 in 2012 alone.

2.6.2 New features of accountancy practices since the recession

The economic downturn forced businesses to place a huge emphasis on economising in order to maintain profit levels; and in some cases to ensure survival. Accountancy Firms are no different and they were forced to re-think the areas to focus on in order to maximise profitability and avoid wastage. Shohet & Jenner, (2008) believe a rigorous approach of extorting every iota of efficiency from a business’ staff is the most important feature in obtaining optimum profitability levels in an economic climate undergoing a harsh phase. “*It is surprising how even*

small improvements in efficiency can have a major effect on the firm's recoveries, cash flow and, ultimately, profitability – to say nothing of improving the quality of service to clients.” (Shohet & Jenner, 2008) Shohet & Jenner, (2008) then continue by outlining five simple rules that if followed, will give a leaner, fitter, more successful accountancy practice: enforce tight control of cash management; price work for profit; record time fully and monitor and control it constantly; improve recovery rates and; generate regular financial reports so that progress can be monitored and remedial steps taken as necessary. Many accountancy practices may feel they were already maintaining a high level of efficiency. Therefore, a resilient staff is not the only change the recession forced upon the profession.

In dealing with clients, McCarthy, (2013) believes practitioners should focus less on compliance issues, and more on embracing the role of a trusted advisor. He believes that focusing on matters of compliance actually hinders clients because they are not getting the advice that is capable of being giving by a Chartered Accountant. Compliance work has been the subject of scrutiny since the recession because clients are beginning to question the value of the work delivered. *“Accountants need to find new ways to prove that compliance work has value while looking at other work that clients will be glad to pay for.”* (McCarthy, 2013) The ‘other work’ McCarthy, (2013) is referring to is becoming a trusted advisor. This essentially means practitioners should learn to listen to their clients. *“By listening to the client, we may pick up on worries that the client has never had an opportunity to express. This may be perhaps because the usual client meeting is dominated by compliance matters and, for want of sufficient advance preparation, rarely allows time for the client to delve deeper into more long-term concerns such as, why the business is becoming less profitable.”* (McCarthy, 2013)

Similar to compliance, Shohet & Jenner, (2008) imagines consultancy is now a non-essential element of a practitioner's services as it is hard to sell during the recession. In contrast, they do believe insolvency practitioners have reason to be optimistic, even in this period of economic turmoil. The '*Personal Insolvency Act 2012*', which was passed on 19th December 2012, is an example of the significance insolvency now has in the current climate. Johnson, (2013) claims forensic services to be another feature of the profession to suffer a set-back due to the recession. "*Fraud-related forensic work does not necessarily increase during recessionary times. Fraud is likely to be identified earlier when businesses are keeping a close eye on their costs. While financial pressures are more widespread in times of recession, it is hidden financial pressures such as alcohol addiction or gambling that are most often the reasons for fraud.*" (Johnson, 2013)

Clearly, there are those elements of the profession that are becoming less popular due to the recession; however certain new features have been introduced. Devlin, (2013) argues that in the case of audit, people simply want more from audit reports. Stakeholders feel auditors know more about the companies undergoing audit and, "*they do not want any more big, nasty surprises arising from fraud, going concern issues or other causes.*" (Devlin, 2013) Devlin, (2013) offers his opinion on the areas in which auditors can become more involved. These areas are: "*more qualitative insights, say about enterprise risk and the potential for fraud; and more auditor commentary on the information produced by management, not just in annual reports, but also through earnings releases and websites and in respect of so-called 'non-GAAP' measures.*" (Devlin, 2013)

2.7 The future for Accountancy

Much of the literature uncovered by the author regarding the next step for accountancy; relates to recovery. The author has already expressed the negative impact on the profession that various scandals have had. There are a number of articles written by experts in the accountancy field, offering suggestions to different paths the accountancy profession may take to accelerate its recovery. Powell, (2012) believes instilling an ethical mentality into trainee Chartered Accountants will provide a future of individuals acting with independence, honesty, and integrity in their business dealings. She does however; admit there will be a minority of individuals that will always be inclined to act unethically regardless of the quantity of training they receive. It is those individuals that will continue to hinder efforts made to repair the accountancy profession's reputation.

Hannaway, (2011) agrees that, of course, repairing the reputation is essential and that improved corporate governance is fundamental in doing so. Lynch, (2011) also understands the significance of corporate governance, however he is a firm believer that the profession does not need more governance; it needs better governance. *“That the first solution to any problem is to appoint a commission, or a committee, or a regulator is a worrying tendency. Now, don't get me wrong, there is a need for institutional reform in several areas, but this does not mean simply adding additional requirements- often it means tearing down at least part of what is there and improving from the ground up. We need better, which is not necessarily the same as more.”* (Lynch, 2011) Lynch, (2011) continues by stating that we as a nation should not forget that we got a lot right in the recent past. The hard work of several politicians, public office holders, and not least Chartered Accountants has safeguarded the 12.5% corporation tax rate. *“We need to defend other things we have got right with the same level of intensity.”*

(Lynch, 2011) Hannaway, (2011) also does not underestimate the importance of focusing on the many positives the accountancy profession brings. One such positive is audit and the value it adds to a client's business by delivering an impartial and external observation. *"Audit is an essential element of good corporate governance and it should be valued."* (Hannaway, 2011)

Slattery, (2012) feels that in order to raise the profile of the profession, more public comment by Chartered Accountants on economic issues is necessary. He views the audit expectation gap, (the difference between what people think an auditor does and what an auditor actually does), as *"an issue where the Institute has a public education role to play. Topics such as public sector financial management, the management and administration of pension funds, and personal debt legislation, are all areas where members of ICAI could contribute expert opinion to the public debate."* (Slattery, 2012)

Devlin, (2013) is not aware of what the future holds for the profession, but he is certain that forward thinking and sharp reactions are required in the years ahead. The prime focus for accountants should be *"innovation, strong ethical values, the public interest and social responsibility which are the keystones for the future to success for the profession."* (Devlin, 2013)

2.8 Summary

This chapter gave a brief overview of the literature on the change in the accountancy profession since the 1970's; with specific focus on the author's research objectives. The next chapter will detail the research methods employed in order to meet the author's research aim and objectives.

Chapter Three

Methodology

Chapter Three

Methodology

3.1 Introduction

The previous chapter provided the reader with a summary of the literature available on the progression of the accountancy profession, as a whole, since the 1970's. This chapter outlines the research methodology adopted by the author in order to achieve the research aim and objectives.

3.2 Research Aim

To gain an understanding of how the accountancy profession has changed in the past ten years with regard to its duties and its perceived image.

3.3 Research Objectives

The research aim translates into the following objectives:

1. To establish the range of skills required from the modern accountant, and investigate whether they differ from those of ten years ago.
2. To develop an understanding of the factors accountancy firms deem important in maintaining a healthy relationship with clients.
3. To examine the change in the image of an accountant in the last ten years.
4. To identify the next step/steps for the accountancy profession.

3.4 Research Methodology

Saunders, et al., (2012) describes research as the systematic collection and interpretation of information with a clear purpose, to find things out. Additionally, *“research is an original contribution to the existing stock of knowledge making for its advancement. It is the pursuit of truth with the help of study, observation, comparison, and experiment.”* (Kumar, 2008)

Methodology is defined as: *“the theory of how research should be undertaken, including the theoretical and philosophical assumptions upon which research is based and the implications of these for the method or methods adopted.”* (Saunders, et al., 2012)

In order to fulfil the aim and objectives above, the author will employ the ‘research onion’ to explain the research methodology adopted. The research onion is illustrated in Figure 3.1 below and is used by Saunders, et al., (2012) to categorise the research process into six stages. The stages outlined in detail below:

1. Research Philosophy
2. Research Approach
3. Research Strategy
4. Research Choice
5. Time Horizon
6. Data Collection Method

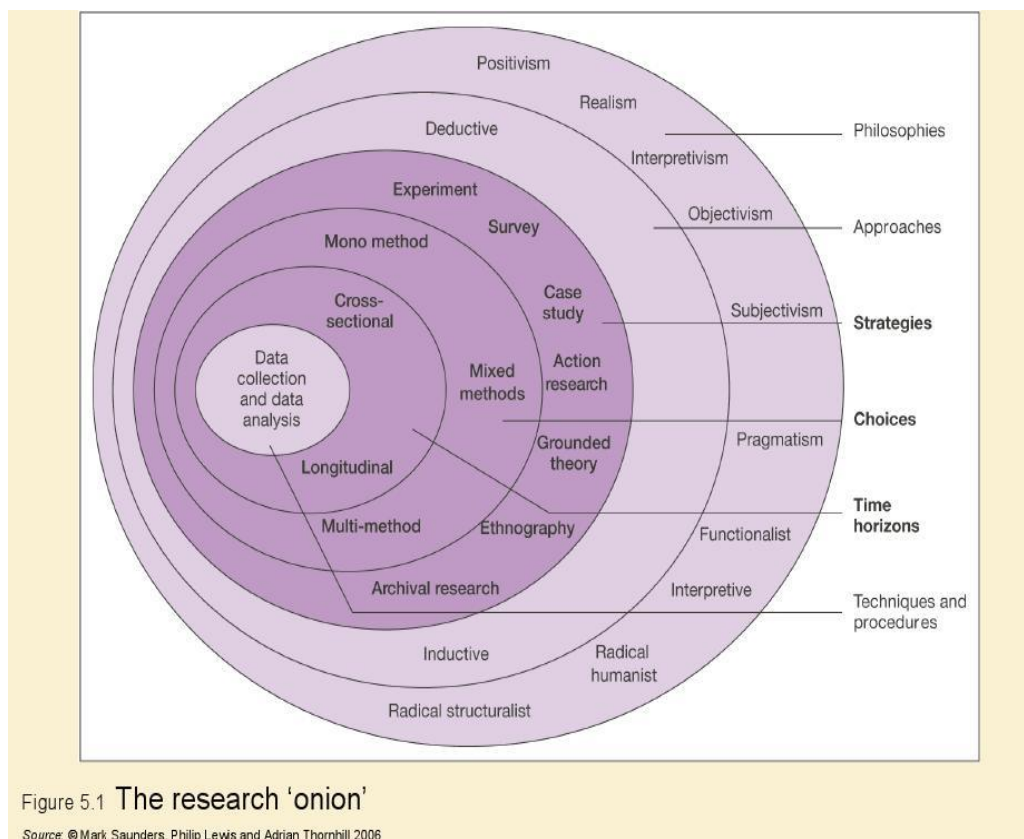


Figure 3.1: The Research Onion (Saunders, et al., 2012)

3.4.1 Research Philosophy

The first layer of the ‘research onion’, illustrated in **Figure 3.1**, represents research philosophies. Saunders, et al., (2012) put forward three ways of thinking about research philosophy: Axiology; Epistemology; and Ontology.

Given, (2008) believes axiology is used to cover the philosophy of values and claims it “*represents an attempt to bring the disparate discussion of values under a single heading, covering a wide area of critical analysis and debate that includes truth, utility, goodness, beauty, right conduct, and obligation.*”

Saunders, et al., (2012), however, place more emphasis on epistemology and ontology; claiming “*each highlights important differences which influence the way in which you think about the research process.*”

Ontology seeks to answer the question- ‘*What is the nature of reality?*’ Kinash, (n/d) claims ontology is about existence, or in other words, the nature of being. “*Wondering why you are here on this planet in this form is an ontological inquiry.*” Ontology can be split into two different aspects: objectivism and subjectivism.

- i. Objectivism-** According to Saunders, et al., (2012), “*objectivism represents the position that social entities exist in reality external to and independent of social actors.*” Coinciding with this view, Crotty, (1998) considers objectivism to portray the position that social entities exist as a meaningful reality external to those social actors concerned with their existence.
- ii. Subjectivism-** On the other hand, “*subjectivism asserts that social phenomena are created from the perceptions and consequent actions of social actors.*” (Saunders, et al., 2012) In the outlook of subjectivism, social phenomena are in a constant state of revision, whilst social interactions between actors are a continual process. Furthermore, O’ Leary, (2007) defines subjectivism as a principal that factual knowledge

is built by personal experiences and that only the individual can have valid judgements.

Epistemology is concerned with the question '*What is considered acceptable knowledge?*' Saunders, et al, (2012) aptly defines epistemology as a branch of philosophy that studies the nature of knowledge and what constitutes acceptable knowledge in a field of study. Likewise, Jupp, (2006) describes epistemology as an area of philosophy concerned with the nature, limits, possibility, and sources of human knowledge. Jupp, (2006) continues by expressing how, "*epistemology is concerned with whether or how we can have knowledge of reality: questions that have concerned philosophers since, at least, the Ancient Greeks.*" Similar to ontology, epistemology is broken into different aspects. These aspects are; positivism, realism, and interpretivism.

- i. Positivism-** Gill & Johnson, (2010) describes positivism as the preference of collecting data about an observable reality and searching for casual relationships and consistencies in data in order to create law-like overviews. Similarly, Saunders, et al., (2012) define positivism as the epistemological position that advocates working with an observable social reality.

- ii. Realism-** Realism is the epistemological position that objects exist independently of our knowledge of their existence. (Saunders, et al., 2012) Additionally, "scientific realism is the view that theories refer to real features of the world. 'Reality' here refers to whatever it is in the universe (i.e., forces, structures, and so on) that causes the phenomena we perceive with our senses." (Schwandt, 1997)

iii. Interpretivism- Interpretivism is the epistemological position that promotes the need to understand differences between humans in their roles as social actors. (Saunders, et al., 2012) Additionally, interpretivism is the belief that scientific methods are inappropriate for the study of society since human beings “think and reflect”. (Abbott, 2010)

Pragmatism

It has emerged in recent years that a researcher could adopt a philosophy as a “*multi-dimensional set of continua rather than separate positions*”, when undertaking a particular study. (Niglas, 2010) If a researcher is of the view that philosophy can be thought as a multidimensional set of continua; then that researcher would be adopting the position of the pragmatist. Pragmatism is “*a position that argues that the most important determinant of the research philosophy adopted is the research question, arguing that it is possible to work within both positivist and interpretivist positions*” (Saunders, et al., 2012, p. 678) Essentially, it underpins the mixed methods approach of using both quantitative and qualitative approaches by forming a mix between interpretivism and positivism. (Denscombe, 2011)

The author has adopted a research philosophy of pragmatism as he deems it most suitable to satisfying his research aim and objectives. Pragmatism is the most obvious choice as it allows the author combine two different philosophies when gathering primary data.

3.4.2 Research Approach

According to Saunders, et al., (2012), there are two approaches one can adopt when undertaking a research project: deductive or inductive. These approaches are represented by the second layer of the ‘research onion’ in **Figure 3.1**.

- i. Deductive-** Deductive research occurs when the conclusion is stemmed logically from a set of premises, the conclusion being true when all the premises are true. (Ketokivi & Rumens, 2010) Saunders, et al., (2012, p. 669) define the deductive approach as a *“research approach involving the testing of a theoretical proposition by the employment of a research strategy specifically designed for the purpose of its testing.”*
- ii. Inductive-** The inductive approach involves the development of a theory as a result of the observation of empirical data. Saunders, et al., (2012, p. 672). Furthermore, inductive research occurs when theory is developed as a result of the collection of data, and that data being subsequently analysed. In simple terms, the inductive approach creates new theory. (Gummesson, 2000)

Table 3.1 below is a summary of the differences between a deductive approach and an inductive approach to research. (Saunders, et al., 2012, p. 144)

	Deduction	Induction
Logic	In a deductive inference, when the premises are true, the conclusion must also be true	In an inductive inference, known premises are used to generate untested conclusions
Generalisability	Generalising from the general to the specific	Generalising from the specific to the general
Use of Data	Data collection is used to evaluate propositions or hypotheses related to an existing theory	Data collection is used to explore a phenomenon, identify themes and patterns and create a conceptual framework
Theory	Theory falsification or verification	Theory generation and building

Table 3.1 Deduction and Induction (Saunders, et al., 2012, p. 144)

The author will choose an inductive approach as it is most suited to his research. The questionnaires and semi-structured interview will allow the author collect data in order to form an opinion on the accountancy profession in terms of duties; image; scope of sectors; the future; etc.

3.4.3 Research Design

The research design is a “*framework for the collection and analysis of data to answer the research question and meet research objectives providing reasoned justification for choice of data sources, collection methods and analysis techniques.*” (Saunders, et al., 2012, p. 680)

The research design can consist of either, or a combination of: exploratory, explanatory, or descriptive research.

- i. **Exploratory-** Exploratory research is a methodological approach that is primarily concerned with discovery and with generating or building theory. (Jupp, 2006) It aims to seek new insights into phenomena, to ask questions, and to assess the phenomena in a new light. (Saunders, et al., 2012, p. 670)
- ii. **Explanatory-** Explanatory research seeks to explain the relationships between variables by studying a situation or problem. (Saunders, et al., 2012, p. 670) “It is necessary to show that one or more variables cause or determine the values of other variables,” (Brannick & Roche, 1997)
- iii. **Descriptive-** The Office of Human Research Protections (OHRP) defines a descriptive study as “Any study that is not truly experimental.” The object of descriptive research is to gain an accurate profile of events, persons or situations. (Saunders, et al., 2012, p. 171)

From the definitions above, the author believes there is an element of both explanatory and exploratory research in his research design. The use of a semi-structured interview with an expert in the accountancy profession is an example

of exploratory research the author will implement. There is a degree of explanatory research in the questionnaires distributed to all Chartered Accountancy firms in Longford; Westmeath; Offaly and Roscommon. The author will seek to establish multiple relationships between variables within those questionnaires.

3.4.4 Research Strategy

The research strategy is the third layer of the ‘Research Onion’ in **Figure 3.1**. Saunders, et al., (2012, p. 173) lists eight different types of research strategies, as illustrated in **Table 3.2**.

Experiment	Ethnography
Survey	Action Research
Archival Research	Grounded Theory
Case Study	Narrative Inquiry

Table 3.2 Research Strategies (Saunders, et al., 2012, p. 173)

Following much deliberation, the survey strategy and a semi-structured interview were chosen as they were best equipped to enable the author achieve the research aim and objectives. *“Surveys are used to best effect when the researcher wants factual information relating to groups of people: what they do, what they think, who they are.”* (Denscombe, 2011, p. 12) The survey strategy is perceived as both easy to explain and to understand. In addition, data collected using a survey strategy can be used to suggest possible reasons for particular relationships between variables and to produce models of these

relationships. (Saunders, et al., 2012, p. 177) The author felt an internet survey in the form of a questionnaire sent as an attachment to an email; and a semi-structured interview would be the most appropriate types of survey and interview to adopt. The author will elaborate on the data collection methods used later in the chapter.

3.4.5 Research Choice

It is necessary that the author distinguish between qualitative and quantitative data. Saunders, et al., (2012) describe qualitative data as non-numerical data or data that have been quantified; while quantitative data is numerical data that have been quantified.

The majority of information obtained from the author's research will contain qualitative data. There is, however, an element of quantitative data that is generated by way of the questionnaires. The semi-structured interview and part of the questionnaires will produce the qualitative data. This combination of qualitative and quantitative research is known as mixed methods research.

3.4.6 Triangulation

“Triangulation involves the use of multiple qualitative and/or quantitative methods to study the program. For example, results from surveys, focus groups, and interviews could be compared to see if similar results are being found. If the conclusions from each of the methods are the same, then validity is established.” (Guion, et al., 2012) The author will employ this method, as the

quantitative data collected from the online questionnaires can be triangulated with the qualitative data collected from the semi-structured interviews.

3.4.7 Time Horizon

In the fifth layer of the ‘research onion’ in **Figure 3.1**, one can choose either a cross-sectional or a longitudinal time frame.

- i. **Cross-sectional-** Saunders, et al., (2012, p. 669) describe cross-sectional research as the study of a particular phenomenon at a particular time, i.e. a snapshot.
- ii. **Longitudinal-** Saunders, et al., (2012, p. 674) claim longitudinal study is the study of a particular phenomenon over an extended period of time.

The research aim is ‘*to gain an understanding of how the accountancy profession has **changed in the past ten years** with regard to its duties and its perceived image*’. The author will therefore conduct a longitudinal study, as it shall enable the author “*to detect developments or changes in the characteristics of the target population at both the group and the individual level.*” (Institute for Work and Health, 2009)

3.4.8 Data Collection Methods

The sixth and final layer of the ‘research onion’ in **Figure 3.1** is the data collection and data analysis layer. As previously stated, the author will use a survey strategy in the form of online questionnaires. The author will also

conduct a semi-structured interview. These two methods of data collection will be exercised in order to collect the primary data for the research project.

3.4.8.1 Survey

The author will use online questionnaires as part of his survey strategy in order to obtain both quantitative and qualitative data about the evolution in the accountancy profession in the past decade. Below is a list of the advantages and disadvantages of using questionnaires.

(Denscombe, 2011, pp. 48-50)

Advantages	Disadvantages
Focuses on empirical data	Tendency to focus on data more than theory
Can collect both quantitative data and qualitative data	Incomplete or poorly completed answers
Wide and inclusive coverage	Can be easily ignored
Low costs and time	Cannot check truth of answers

Table 3.3 Advantages and Disadvantages of Surveys (Denscombe, 2011, pp. 48-50)

3.4.8.2 Sampling for Questionnaire

The author chose to restrict the sample to Chartered Accountancy firms in the midlands area. This composed of the counties Westmeath, Offaly, Roscommon, and Longford. In total there are forty-seven chartered

accountancy firms in this region and the author sent a questionnaire to every firm. The list of firms was sourced from the website of Chartered Accountants Regulatory Board. Hence, the population size for this research project is forty-seven.

3.4.8.3 Questionnaire Design

With the aid of his project supervisor, the author designed the questionnaire with the intention of attaining the research aim and objectives. It consists of ten questions. Seven of the questions were ‘closed’ questions requiring the respondent tick the necessary boxes, whilst the remaining three were ‘open’ questions and involved the respondent briefly stating their opinion on a certain matter. The author deemed ten questions sufficient as he did not wish the respondent become disinterested and thus provide lackadaisical answers.

3.4.8.4 Questionnaire Distribution

Once the author decided an internet questionnaire was most appropriate to his needs; he then had to three options to choose from to deliver the online questionnaires. Denscombe, (2011, p. 159) lists these options as: an email questionnaire; a questionnaire sent as an attachment to an email; and a web-based questionnaire.

The author chose the third option and used ‘Survey Monkey’ as his web-based questionnaire. SurveyMonkey Brand Perception Survey, (2009) describes itself as “*the world's leading provider of web-based survey solutions, trusted by millions of companies, organizations and individuals*

alike to gather the insights they need to make more informed decisions.”

Survey Monkey was perfect for the author as it was free and easy to understand. It also provided an opportunity to attach a message to the recipients explaining who the author was, why he was distributing a questionnaire, and what the topic of the research project was. Additionally, the message contained assurance that the information provided by the recipients would remain confidential and it would be used strictly for the research project only. After a week, Survey Monkey allowed the author send a reminder email to those recipients that had not yet responded, and also gave thanks to those that had. Both the introduction message and the reminder message can be found in Appendix A and Appendix B respectively.

3.4.8.5 Questionnaire Response Rate

As previously mentioned, the population size was forty-seven companies. In total only twelve firms responded. This resulted in a disappointing response rate of 26%. The author believed that because of the conciseness of the questionnaire, he would receive a response rate between 35%-50%. This obviously was not the case and the author puts the low return down to two reasons. Firstly, the recipients who did not respond may have seen the ‘open’ questions as an inconvenience and did not wish to spend their free time answering questions. Secondly, they may have felt uncomfortable disclosing information relating to their company over the web; to an individual they never met.

3.4.8.6 Interview

In addition to the online questionnaires, the author considered it necessary to conduct a semi-structured interview. The interview would provide “insights into things such as people’s opinions, feelings, emotions and experiences.” (Denscombe, 2011, p. 173) **Table 3.4** below sets out the advantages and disadvantages of using interviews as a means of data collection.

Advantages	Disadvantages
Depth of information	Time Consuming
Gain valuable insights	Difficult to code in data analysis
Simple equipment needed	Invasion of privacy
Flexibility	May be relatively costly
High Response Rate	Audio recorder may inhibit interviewee
Interviewee can expand their opinion	Interviewee may have biased opinion on topic
More personal element	May be a negative interviewer effect

Table 3.4 Advantages and Disadvantages of Interviews (Denscombe, 2011, pp. 192-194)

3.4.8.7 Interview Format

The author felt a semi-structured interview was more equipped than a structured interview to collect the necessary responses. The author was prepared to be flexible with the order in which questions were asked.

Semi-structured interviews would also give license to the interviewee to expand and elaborate on their thoughts and ideas. The author had initially planned on conducting two interviews: one with a member of the Institute of Chartered Accountants Ireland, and another with a senior partner of a Chartered Accountancy firm. After interviewing Mr Niall Fitzgerald, ACA, a Practice Consultant for the Institute of Chartered Accountants Ireland, however, the author deemed the wealth of information received from that interview, sufficient in meeting the research aim and objectives. Therefore, a second interview was not pursued.

3.4.8.8 Interview Request and Arrangement

Initial contact was made with Mr Fitzgerald by phone. After a brief conversation it was agreed that an interview over the phone would be the most convenient mode of interview, as Mr Fitzgerald works in Dublin and has a busy schedule. Additionally, time and cost would be saved by both parties. The interview was arranged to take place on Friday the 12th July at 1pm.

3.4.8.9 Interview Design

The author drafted potential questions to ask Mr Fitzgerald. Not much attention was given to the order of the questions as the author understood the flexibility involved in a semi-structured interview. The

questions were designed to focus on producing responses that could be related to the data uncovered in the questionnaires.

3.4.8.10 Conducting the Interview

The interview lasted approximately thirty minutes. Before asking any questions, the author ensured Mr Fitzgerald was aware he was being recorded. The author also offered Mr Fitzgerald the opportunity to remain anonymous. Mr Fitzgerald kindly declined this offer. The interview began with general formalities and a brief overview of the research project; including the title, aims and objectives. Note-taking was not necessary as the full interview was recorded via the Call Recorder App™ (by Clever Mobile), the author has installed on his mobile phone. The author was extremely pleased with the depth of each answer provided by Mr Fitzgerald.

3.4.8.11 Post Interview

After the interview, the author began to transcribe the recording into a word document. This proved more difficult than anticipated due lack of clarity of what was said. The author, however, is certain the majority of words transcribed are accurate. The interview transcript is included in Appendix D.

3.5 Threats to credibility

The author did not underestimate the importance of reliability, validity, and objectivity, when conducting the research.

- **Reliability-** *“Reliable studies use random samples whenever possible, utilize appropriate sample sizes, avoid biases, and should be conducted by researchers who are not influenced by funding or the desire to seek certain results.”* (Unite for Sight, 2013)
- **Validity-** *“The extent to which data collection methods accurately measure what they were intended to measure”* (Saunders, et al., 2012, p. 684)
- **Objectivity-** The author considered it imperative to remain open- minded and impartial throughout the data collection and data analysis process. Any sort of bias on the author’s behalf would result in flawed results and conclusions. The responses from the questionnaires were automatically analysed by Survey Monkey. Thus, there was no threat to objectivity on that matter. The interview was fully transcribed, (with the exception of a minor amount of words that were inaudible) therefore diminishing any chance of manipulation on the author’s behalf.

3.6 Ethical Considerations

Denscombe, (2011) claims there is an expectation of ethical and professional conduct from researchers when collecting data; and there are four underlying principles in relation to codes of research ethics. The principles are as follows:

1. **Participants’ interests should be protected-** In both the questionnaires and the interview, the respondents and interviewee (Mr Fitzgerald) respectively, were

informed the information provided would be used only for the purpose of this research project. The respondents to the questionnaire were also told they would have complete anonymity.

2. **Participation should be voluntary and based on informed consent-** No pressure was put on the respondents to participate in the questionnaire. The respondents' identity is and will remain completely anonymous, and the author received consent from the interviewee allowing the use of his name.
3. **Researchers should operate in an open an honest manner with respect to the investigation-** The participants in the questionnaire, and Mr Fitzgerald were informed about the nature of the study. Additionally, they were told what the author intended to do with the data obtained.
4. **Research should comply with the laws of the land-** The author avoided any potentially sensitive topics involving fraudulent behaviour or other issues concerning breaking the law. Furthermore, data collected was kept in a secure environment.

3.7 Limitations

During the data collection process, the author was, of course, faced with certain limitations. The most evident of which was the low response rate (26%) for the online questionnaires. The author feels that perhaps a larger sample was necessary, however that would have led to added pressure due to time constraints. Another limitation was the small percentage of the interview that was slightly inaudible due to poor phone network coverage. This, however was that minute a problem, it barely classifies as a limitation.

3.8 Summary

This chapter outlined the research methodology implemented by the author in order to achieve the research aim and objectives. It also gave a brief overview of the threats to credibility; the limitations; and the ethical considerations, the author had to overcome.

The following chapter will attempt to analyse the results obtained by the methods outlined in this chapter.

Chapter Four

Analysis of Findings

/Chapter Four:

Analysis of Findings

4.1 Introduction

This chapter will attempt to analyse results obtained from the research methods employed in chapter three. The author used a combination of both qualitative and quantitative data collection methods. The aim of this chapter is to translate findings from those data collection methods, into knowledge relating to the research objectives.

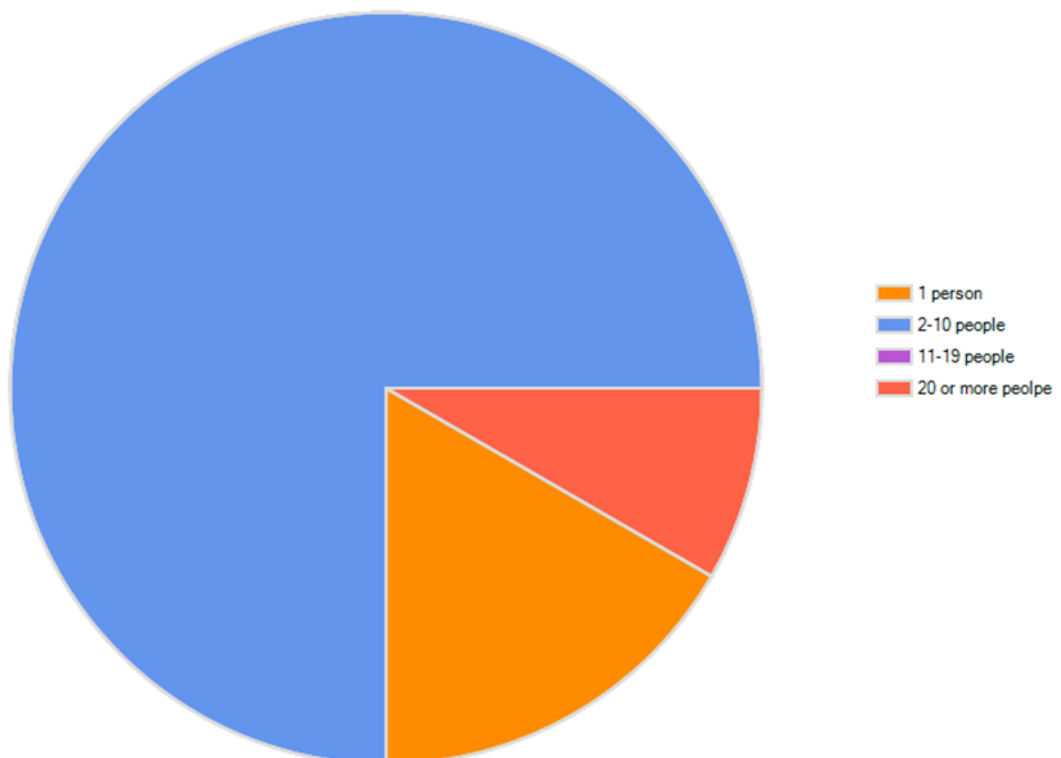
As previously mentioned, the objectives are as follows:

1. To establish the range of skills required from the modern accountant, and investigate whether they differ from those of ten years ago.
2. To develop an understanding of the factors accountancy firms deem important in maintaining a healthy relationship with clients.
3. To examine the change in the image of an accountant in the last ten years.
4. To identify the next step/steps for the accountancy profession

4.2 Responses

As previously stated, the response rate for the online questionnaires was just 26%. A total of twelve responses were gathered from both small and medium sized companies. For the purpose of this research the author classifies a small company as having between 1-19 employees, including partners, in the firm. In the questionnaire, this number was broken into three different categories: 1 person; 2-10 people; and 11-19 people. A medium company is classified as having between 20-100 employees, including senior partners. For the purpose of the questionnaire, the author named this category as 20 or more people. The variety of responses from different sized companies can be seen in **Figure 4.1** below.

How many people, including partners, work in your organisation / practice?



It is clear to see from **Figure 4.1** above that the majority of responses came from firms with between 2-10 employees. They represent 75% of the responses, or nine out of twelve in absolute terms. Only one response fitted the '20 or more people' category, which is equal to 8.33 % of the total responses. The remainder was made up of firms who had only one employee. This accounted for 16.67% of the total responses. Zero responses were received from firms with between 11-19 people.

4.3 Objective One: To establish the range of skills required from the modern accountant, and investigate whether they differ from those of ten years ago.

The first five questions of the questionnaire were aimed towards objective one. Since there were no respondents from the category of firms with between 11-19 employees, the author decided to split this objective into just three categories. The categories were; firms with just one person; firms with between 2-10 people; and firms with 20 or more people.

4.3.1 Firms with one person- Question 2 of the questionnaire required the respondent tick the box beside the services his/her firm provides. The results from the two respondents in this category can be seen in **Table 4.1** below.

Services provided by Firm	Number of ticks from two responses	Percentage (%)
Bookkeeping	2	100
Tax Returns	2	100
Company Secretarial	2	100
Auditing	1	50
Corporate Reporting	1	50
Tax Consultancy	2	100
Wealth Management	0	0
Management Consultancy	1	50
Other	0	0

Table 4.1- Services provided by firms with one person.

Questions 4 and 5 addressed the change in role of the accountant in the past decade. Question 4 simply asked the respondents whether or not they believe their role as an accountant had changed in the past ten years. Question 5 was an open-ended question, asking the respondent to express their own opinion on the change in their role. (If they had answered ‘No’ to question 4, they simply gave ‘N/A’ as an answer to question 5)

Only one out of the two respondents in this category answered ‘yes’ to question 4. In their answer to question 5; *In your opinion, what has been the biggest change(s) in your role (in the past ten years?)*, the respondent stated:

- *I have started my own business, so am now responsible for all aspects of client care.*

4.3.2 Firms with between 2-10 people- Results for question 2 from the nine respondents in this category are outlined in **Table 4.2** below.

Services provided by Firm	Number of ticks from nine responses	Percentage (%)
Bookkeeping	8	89
Tax Returns	7	78
Company Secretarial	6	67
Auditing	7	78
Corporate Reporting	4	44
Tax Consultancy	4	44
Wealth Management	1	11
Management Consultancy	4	44
Other	3	33

Table 4.2- Services provided by firms with 2-10 people

The responses in the ‘other’ option were as follows:

- *Financial controller services*
- *Insolvency and corporate recovery*
- *Corporate finance and business recovery*

The responses to question 4 from this category are displayed in **Figure 4.2** below.

Q4 Do you believe your role as an accountant has changed over the last 10 years?

Answered: 9 Skipped: 0

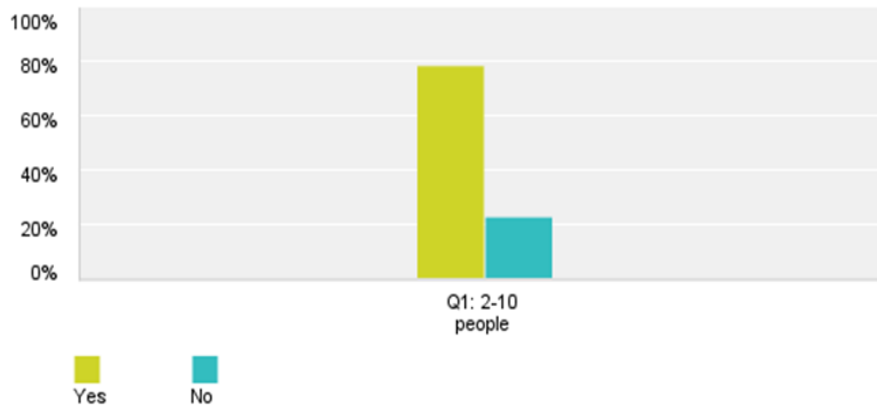


Figure 4.2- Q4. Do you believe your role as an accountant has changes over the *last 10 years?

From nine respondents in this category, seven (77.8%) deem to have witnessed a change in role. Two respondents (22.2%) however, observed no change in their position bas an accountant.

The responses to question 5, from those seven who answered ‘yes’ to question 4 are as follows:

- *Increase in regulations by CARB*
- *Less training, more consultancy*
- *Clients need much more management information*
- *Less audit clients and more accounts preparation and tax work*
- *Greater focus on customer relationships with third parties, e.g. banks.*

- *There is more compliance work now compared to more accounts preparation because more clients have computers with accounts software.*
- *Up to 2008, the focus was on growth, since then it has been about survival.*

4.3.3 Firms with 20 or more people- Since there was only one response in this category, the interpreted results will be flawed and will not accurately represent medium sized companies. However, for completeness, the author provides **Table 4.3** below, as a means of illustrating the services this firm provides.

Services provided by Firm	Number of ticks from one response	Percentage (%)
Bookkeeping	1	100
Tax Returns	1	100
Company Secretarial	1	100
Auditing	1	100
Corporate Reporting	1	100
Tax Consultancy	1	100
Wealth Management	1	100
Management Consultancy	1	100
Other	1	100

Table 4.3- Services provided by firms with 20 or more people

The response provided in the other option was:

- *Corporate Recovery & Insolvency, HR Solutions, Technology Solutions.*

After answering ‘yes’ to question 4, the response to question 5 from the firm in this category was:

- *Change in client needs and services offered, based on economic status*

Mr Fitzgerald, a practice consultant for the Institute of Chartered Accountants Ireland who was interviewed, stated that *“in a small to medium sized practice you basically need to wear more hats.”* He continued by explaining that *“a small practitioner will need to know a small amount about tax but he won’t be a specialist. Small practitioners are required to know more but on a more general level.”*

Mr Fitzgerald offered the increased knowledge of insolvency as an example of the transformation of the profession in the last decade. *“What small practitioners need to know a lot more about today is insolvency for example. You need to be an insolvency expert. Nearly everybody needs to know about insolvency due to the recession.”* He also declared that accountants nowadays *“need to know a lot more about corporate recovery and dealing with businesses in trouble and businesses who are restructuring.”*

When posed the question *‘Has the evolution of IT played an important role in Accountancy Firms in the past ten years?’* Mr Fitzgerald’s response was *“Yes, it has had a massive impact on the profession. You are not dealing with a client base that is computer illiterate anymore. For your client to compete internationally, or even nationally, they need to be on the web. Whatever gets them access to their customer base, they need to have, e.g. Apps for Smartphones. Therefore, if you are the accountant and are going to be the business advisor, you need keep up to date with technology. You don’t need to be an expert but have the expertise in your network so you can point your client forward, expressing the importance of being on the web.”*

4.4 Objective Two: To develop an understanding of the factors accountancy firms deem important in maintaining a healthy relationship with clients.

Questions 6-9 of the online questionnaire seek to answer objective two. Firstly, the author wished to ascertain the frequency of meetings between firms and their respective clients. **Figure 4.3** below illustrates the respondents' answers to question 6 *'How often do you typically meet your clients?'*

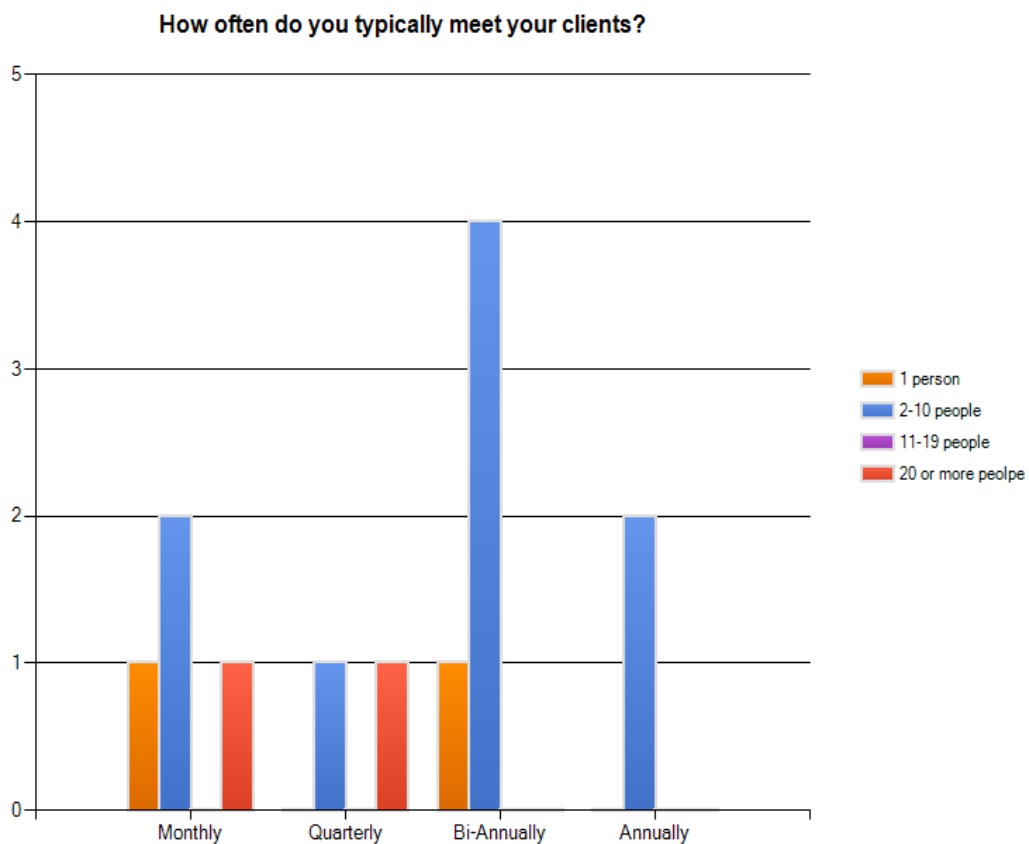


Figure 4.3- Q6. How often do you typically meet your clients?

Question 7 gave the respondents an opportunity to list in order, the aspects of the accountancy profession they deem important to their clients. **Table 4.4** below illustrates the level of importance attached to each aspect. For example, one firm believes 'value

for money’ is the most important aspect when dealing with clients. Five firms rank ‘value for money as the second most important aspect when dealing with clients, Etc.

Aspects of Accountancy Profession	Level of Importance:				
	1 st	2 nd	3 rd	4 th	5 th
Value for money	1	5	5	1	0
Advice and Feedback	5	2	3	1	1
Development of Future Business Strategies	0	0	0	6	6
Trust a Confidentiality	5	4	1	1	1
Reputation	1	1	3	3	4

Table 4.4- Q7. Which of the following aspects of the accounting profession would you see as being important in dealing with your clients? (Rank in terms of their importance)

From Table 4.4 above, it appears that ‘Advice and Feedback’ and ‘Trust and Confidentiality’ are perceived as the most important features of a firm’s relationship with its clients. ‘Value for money’ is also regarded as important with ten out of twelve

firms ranking it as either 2nd or 3rd. ‘Development of future business strategies’ is clearly regarded as the least important element of a firm’s relationship with its clients as all respondents placed it either 4th or 5th on the ranking. ‘Reputation’ is regarded as the 4th most important aspect. It is not unimportant however, as in two cases rank it either 1st or 2nd.

Questions 8 and 9 dealt with the impact of the recession on a firm’s relationship with its clients. The results for question 8 are displayed in **Figure 4.4** below.

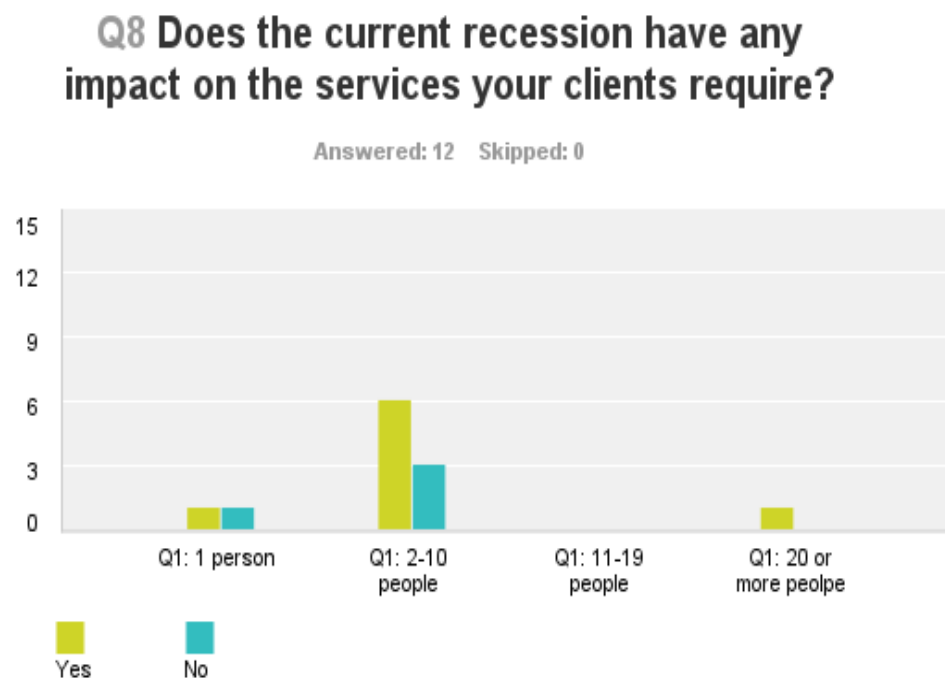


Figure 4.4- Question 8. Does the current recession have any impact on the services your clients require?

The above graph shows that a total of eight firms (66.7%) feel the recent economic downturn has had an effect on the services provided to their clients. The two responses from firms with one person are split; one answering ‘yes’, the other answering ‘no’. Six of the firms with between 2-10 people said the recession has had an impact on the

services required by their clients. Finally, the firm with more than twenty people also answered 'yes'.

Question 9 asked the respondents: *'If your answer to question 8 was yes, briefly state the impact it has had on the services you provide.'* The responses for this question are listed below:

- *Bank facility restructuring*
- *Assisting clients with their dealings with Banks, and Tax Authorities due to lack of cash flow and the anti-business attitude of banks*
- *I was delivering a lot of training. However, as fees plummeted in this area and also as I wish to have a change, I am developing my private practice now.*
- *Revenue Commissioners much more vigilant than they were before the bubble burst*
- *Providing quarterly reports for the financially challenged clients and making calls on their behalf*
- *Accounts are required in a more timely manner*
- *Up to 2008, the focus was on growth, since then it has been about survival*
- *Development of niche areas such as Corporate Recovery and Insolvency*

Mr Fitzgerald stated that in the modern era of accountancy *"Small to medium size practitioners deal with people who, basically might not know a lot about the financial side of things, for example, sole-traders or partnerships. Small to medium size*

practitioners have to take on a leader's role in the business of their client and tell them what they need to be doing."

In terms of interaction between firms and their clients, Mr Fitzgerald believes the evolution of IT in the accountancy profession has had an impact on the services provided to clients. *"A lot of accounting practices have gone online. A lot of clients these days are expected to input more of the information themselves. The accountant is becoming less of a data processor and more of an advisor."*

4.5 Objective Three: To examine the change in the image of an accountant in the last ten years.

Question 10 of the questionnaire was primarily used to address objective four; however, the author also deemed a response from that question helpful in tackling objective three. Additionally, the author found the data collected from his interview with Mr Fitzgerald extremely beneficial in formulating results for objective 3.

A response to question 10 that was relevant to this objective was: *"More regulatory requirements in order for accountancy bodies to recover their reputations, which have been tarnished by the actions of a small number of the bigger firms."*

In the semi-structured interview, the author asked Mr Fitzgerald; *'I mentioned before about the image of the Accountant. Do you believe it has changed? If so; has it changed for the better or for the worse?'* Mr Fitzgerald agrees that there has been a change in the image of an accountant; however he was undecided on whether the change has been for the better or for the worse. He offered his opinion for both sides of the argument:

- **The image has changed for the worse:** *“The image has been tarnished by the fallouts from what is going on in the banks. Sometimes the man on the street cannot differentiate between what went on at a high level, for example the Lehman Brothers, and the level of small to medium size practitioners. An interesting statistic, speaking strictly for chartered firms, is that there are approximately 1600 chartered firms in the island of Ireland and only four of them are the ‘Big 4’. That leaves 1596 other firms. Unfortunately the image is painted by the media, people’s perceptions and people’s experiences.”*
- **The image has changed for the better:** *“Certainly the image has changed, but my generation will say it is for the better because it has moved from the sticky, Victorian, reputable image of being an upstanding member of society, to a more trusted image. Any profession should be the same.”*

Mr Fitzgerald concludes this question by stating; *“Absolutely the image has changed, for better or worse let the public decide.”*

4.6 Objective Four: To identify the next step/steps for the profession.

The tenth and final question of the questionnaire was concerned with this objective. Respondents were asked what they believe will be the next biggest change to the accounting profession. A total of six respondents (50%) answered this question. The responses were as follows:

- *More regulatory requirements in order for accountancy bodies to recover their reputations which has been tarnished by the actions of a small number of the bigger firms*

- *Less number crunching as it is now more automated; and better communication.*
- *More private practitioners will earn reduced income from their trade as the small business sector continues to face the brunt of the recession*
- *More transparency to accounts*
- *As banks start to address unsustainable debt in small/medium businesses, the market will contract further.*
- *Increased regulation and compliance, e.g. money laundering etc.*

Mr Fitzgerald considers the first step should be *“to restore the image of the accountant as an advisor whom a client can turn to and trust. Gaining and maintaining trust will involve ethics and just being a good person. I think that is what is going to restore the image.”* In terms of regulation, Mr Fitzgerald does not deem the next step for accountancy to be in the regulatory field. *“Regulation is good but it is not focused. At the moment we don’t have focused regulation addressing specific problems. The regulations we have are very generic and regulation in this country is proactive. Mr Fitzgerald summed up his answer by declaring “The next step for the accountancy profession is not in the regulatory field, it is in the mind-set on the ethics front, corporate governance and social responsibility and that is where it is.”*

4.7 Summary

This chapter presented the findings attained by the author through the online questionnaire and the semi-structured interview. It also combined the data collected with the research objectives. Chapter five will discuss these findings and will attempt to link them to the findings of the literature review.

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Chapter Five

Discussion of Findings

Chapter Five

Discussion of Findings

5.1 Introduction

This chapter will discuss and critically analyse the research findings that were displayed in the previous chapter, whilst addressing each research objective individually. The author will also attempt to link those findings to the literature discussed in chapter two and debate whether or not they agree. The chapter will conclude with a personal reflection, any limitations to the research, and a framework for possible future research.

5.2 Objective 1: To establish the range of skills required from the modern accountant, and investigate whether they differ from those of ten years ago.

The findings for this objective were predominantly taken from the responses to questions 1-5 in the questionnaire.

The responses to question 1 showed that 91.7% of the respondents had either ten or less people in their firm, with 16.7% only having one person in the practice. This high percentage illustrates the lack of larger accountancy firms in the midlands. The aim of question 2 was to differentiate between the small and larger firms in relation to the services they provided. If the author combines the categories of; firms with one person, and firms with between 2-10 people, the results agree with what Mr Fitzgerald had to say when he was interviewed. When talking about small practitioners, Mr Fitzgerald said, *“In a small to medium sized practice you basically need to wear more hats.”* He elaborated by explaining, *“Small practitioners are required to know a lot more but on a general level.”* In the findings from the questionnaire, every service provided as an option in question 2, was ticked at least once by firms with between 1-10 people. This shows that for practices with low numbers of staff, a wide range of knowledge is evident. The author feels the larger the firm, the more knowledge one would have in a particular area of expertise. For example, if a trainee accountant entered a ‘Big Four’ company, they might be placed in the audit department, and therefore will become an expert in audit. As the size of the firm decreases, the wider the grasp accountants will need to have on all aspects of the accountancy profession.

Nine of the respondents answered ‘yes’ to question 4, asking them if they felt their role as an accountant had changed over the last decade. Although they agreed that indeed there had been a change, the responses given for the manner in which they felt their respective role had changed were wide-ranging. Question 5 invited the respondents to offer their view on how their role has altered. One respondent answered, *“Less audit clients and more accounts preparation and tax work.”* In contrast, another stated, *“There is more compliance work compared to accounts preparation because more clients have computers with accounts software.”* Mr Fitzgerald agrees with the latter

argument to the extent that clients are now capable of inputting information into accounting software themselves. However, he feels increased knowledge of dealing with insolvency and corporate recovery to be the biggest change to the role of the accountant. He claimed, “*Nearly everybody needs to know about insolvency due to the recession.*” Mr Fitzgerald also considers it essential a modern accountant possesses a fine understanding of IT. He applauds the Continuous Professional Development programme for enhancing and monitoring the level of IT know-how within the profession in Ireland. The author feels that the profession has changed in different ways for different accountants. The manner in which it has changed depends on the practitioner’s unique situation.

The literature discussed in chapter two regarding change in the duties of accountants disagrees with the respondents who claimed that compliance has become more prominent in the last ten years. McCarthy, (2013) believes practitioners should not be focusing on compliance issues. He feels compliance issues actually hinder clients because they are not getting the advice capable of being received from a Chartered Accountant. Additionally, the Chartered Accountants Regulatory Board (CARB) reiterates what Mr Fitzgerald stated regarding IT standards within the profession. It described the role of CPD as the developing and maintaining of “*competency necessary to provide high quality services to clients, employers and other stakeholders.*” (Chartered Accountants Regulatory Board, 2012)

5.3 Objective Two: To develop an understanding of the factors accountancy firms deem important in maintaining a healthy relationship with clients.

The main results found for this objective were in response to questions 7-9 of the questionnaire. In question 7, when asked to rank in order the different aspects of the accountancy profession the respondents deem important in dealing with clients, one of the top two most popular aspects was advice and feedback. When Mr Fitzgerald stated, *“small to medium size practitioners have to take on a leaders role in the business of their client and tell them what they need to be doing”*, it showed he was in agreement with the general consensus of the respondents. The other most popular aspect ranked by respondents was trust and confidentiality. Mr Fitzgerald also concurred with the respondents on this aspect as he said an important task of the accountancy profession was, *“to restore the image of the accountant as an advisor whom a client can turn to and trust.”*

The author believes the findings above reflect positively on the accountancy profession. Firstly, by ranking trust and confidentiality as number one, it shows accountants value and respect the privacy of their clients. Secondly, the high regard respondents showed for advice and feedback was evidence of how practitioners have evolved from the *‘bean-counter’* stereotype to a more hands on and personal approach. Accountants don’t just balance the books anymore; they are required to offer more for their services. Mr Fitzgerald recognised the up rise of IT as an important feature of a practitioner’s interaction with clients. He explained; *“A lot of accounting practices have gone online. A lot of clients these days are expected to input more of the information themselves. The accountant is becoming less of a data processor and more of an advisor.”* If clients fill out the necessary forms themselves, it leaves more time for accountants to offer more valuable services.

Question 8 revealed that 66.7% of the respondents believe the recession has had an impact on the services required by clients. The 66.7% is spread from between firms with one person, to firms with more than 20 people. Thus, showing the recession impacted both small and medium sized firms. In question 9, respondents had the opportunity to state the specific impact the recession had on the services they provided. Many of the answers to this question were consistent with both Mr Fitzgerald's opinion on the matter, and the responses to question 7. The author found that most of the respondents felt the recession forced them to take a leadership and advisory role with their clients in order to *'steady the ship'*. One respondent answered: *"Assisting clients with their dealings with banks and tax authorities due to lack of cash flow and the anti-business attitude of banks"*. Other answers included: *"Providing quarterly reports for the financially challenged clients and making calls on their behalf"*; *"Bank facility restructuring"*; and *"Up to 2008 the focus was on growth, since then it has been about survival"*.

The findings for this objective correspond to the literature discussed in chapter two. When emphasising the importance of becoming a trusted advisor for clients, McCarthy, (2013) stated, *"By listening to the client, we may pick up on worries that the client has never had an opportunity to express. This may be perhaps because the usual client meeting is dominated by compliance matters and, for want of sufficient advance preparation, rarely allows time for the client to delve deeper into more long-term concerns such as, why the business is becoming less profitable."* In agreement with Mr Fitzgerald's opinion on the relevance of IT in the accountant-client relationship, Menton, (2012) claims the ever increasing computer literacy among clients enables them to update and maintain their books themselves instead of employing an accountant to complete those tasks.

5.4 Objective Three: To examine the change in the image of an accountant in the last ten years.

In his interview with the author, Mr Fitzgerald stated, “*absolutely the image has changed, for better or worse, let the public decide.*” He then provided his opinion on both sides of the argument: ‘*Has the image of the profession changed for the better or for the worse?*’ The one positive Mr Fitzgerald took from the recent change to the reputation of the profession is that it has evolved from the “*sticky, Victorian, reputable image of being an upstanding member of society, to a more trusted image.*” The author judges this view as being the correct mind-set to have, as much of the literature examined in chapter two saw accountants as “*dull, boring and colourless, excessively fixated with money, pedantic, un-commercial and shabby.*” (Fiske & Taylor, 1991)

On the adverse side of the argument, Mr Fitzgerald believes the fallout from the banks has had a negative impact on the image of the profession. He does however feel a small minority are to be blamed for placing the profession under the micro-scope. The author agrees with Mr Fitzgerald when he said, “*sometimes the man on the street cannot differentiate between what went on at a high level, and what went on at the level of small to medium sized practitioners.*” The author feels most of the unethical behaviour occurred at the very high level of the better known accountancy firms; and because those incidents were so well publicised, they gave the profession an undesirable appearance. A response to question 10 of the questionnaire coincided with the author’s opinion. When asked what the next step for the profession will be, one of the respondents answered, “*More regulatory requirements in order for accountancy bodies to recover their reputations which have been tarnished by the actions of a small number of the bigger firms.*”

The response above was in agreement with the literature discussed in chapter two. Slattery, (2012) explained that, undoubtedly, certain members of the profession acted unethically; however, they were a tiny minority of a profession that has served the country well. Hannaway, (2011) reiterated the damaging effect witnessed on the reputation of the profession in the past decade. He again subscribes to the opinion that the majority of accountants are perhaps receiving unwarranted blame. He instead shifts the blame onto the banking sector. The author agrees with Hannaway, (2011) to the effect that bankers should bear the brunt of blame. Nonetheless, the author feels it is pointless shifting criticism to another sector instead of focusing on repairing our own.

5.5 Objective Four: To identify the next step/steps for the profession.

The findings for this objective were obtained from both question 10 of the questionnaire; and from the interview. Question 10 asked respondents to give their opinion on the next biggest change in the accountancy profession. Two out of the six responses to this question included a belief that there will be increased regulation and compliance. Mr Fitzgerald isn't necessarily certain there will be increased regulation, but if there is, he feels it is a step in the wrong direction. He understands the value of regulation to the profession, but he is of the opinion that the current regulation is too broad and needs to become more focused. Instead, Mr Fitzgerald envisions the next step for the profession is on the ethics front. The author agrees that regulation is important; however it is vital the profession doesn't become over-regulated. If there is constant introduction of new regulations, they will certainly over-complicate life for accountants, especially small to medium sized practitioners.

The literature discussed in chapter two is in harmony with the findings above. Lynch, (2011) recognises the need for regulation in several areas of the profession, but he would like better regulation, which doesn't necessarily mean more. In terms of ethics, Powell, (2012) deems it essential to instil an honest and independent mentality into potential accountants from an early stage. The author agrees that by drilling an ethical way of thinking into trainee accountants, the volume of future fraudulent activity will unquestionably decline.

5.6 Limitations

The low response rate from the online questionnaires of 26%, proved to be a sizeable limitation. Only one firm with more than 20 people and two firms with just one person responded; making the conclusions drawn from those categories somewhat unreliable on a general basis. In order to collect a healthier response rate; perhaps the author should have expanded the sample size by including more counties. This would have produced more comprehensive results; and more dependable conclusions could have been drawn.

The author was extremely satisfied with the outcome of the semi-structured interview with Mr Fitzgerald; however, it may have proved more beneficial if the author conducted more than one interview. This would have either presented a different opinion on the change in the accountancy profession; or validated Mr Fitzgerald's opinion. It would have also provided more findings to compare with the literature discussed in chapter two.

5.7 Possible Future Research

The author believes that in the next five to ten years the importance of IT in the profession will continue to rise. It therefore would be an extremely interesting field in which to conduct research in the near future.

For a larger scaled research project, it would be fascinating to include large accountancy firms in the population and perhaps seek an interview with an individual in one of the 'Big Four' firms. This would allow for the exploration of both the differences and similarities between firms with hundreds of employees, to a firm with just one individual.

5.8 Personal Reflection

In November 2011, the author was offered a training contract with an accountancy firm that started in September 2012. The author regretfully turned it down as he wished to apply for the Masters programme with the intention of gaining the Chartered Accounting Proficiency 2 (CAP 2) exemptions. Thankfully the author was accepted into the programme and joined up with his new classmates in September 2012. The author found semester one particularly difficult as it required him balance three modules with the 'milk round' for accountancy firms. Additionally, the research project weighed heavy on the author's mind throughout the semester.

The author was having trouble thinking of a research topic that interested him and after having his first idea turned down, panic began to set in. The author owes huge thanks to his thesis supervisor Mr Jim Dalton for patiently sitting down and brainstorming with the author until finally this topic was agreed upon.

During semester two the author tried to stick to the deadlines he set himself; however, such was his determination to succeed in his summer exams, the research project was put on the 'back burner' until the summer. Thankfully, the author was successful in his summer examinations; however he did not receive the required mark in one of his three Christmas examinations. He therefore decided to 'front load' the research project during summer in order to have sufficient time to study for his qualifying exam in August. The author is satisfied with how he managed his time during the summer as he feels he allocated sufficient time for both the research project and the qualifying exam.

A regret the author takes from this experience is the online questionnaire. He believes it would have been more appropriate to have included questions regarding both the image of the profession and the role of IT in the profession. There was also room for another semi-structured interview. Other than that the author was pleased with how he conducted his research.

In conclusion, the author feels a sense pride in completing the research project. There were times when he felt this this day would never come. The year has been a demanding one, but the author enjoyed it immensely. In comparison to NUI Galway where lectures may have consisted of 200-300 students, the small class was refreshing as it gave the author a much better opportunity for getting to know his classmates. The author was extremely pleased with openness, friendliness, and willingness to help displayed by the lecturers who always had time to respond to a query or problem.

The author will look back on the year fondly and would strongly recommend participating in the Master of Arts in Accounting to anyone wishing to avail of CAP 2 exemptions. He made some life-long friends and will no doubt keep in touch with them as they all go their separate ways.

5.9 Summary

This chapter has discussed the research findings in relation to the research objectives and the literature review. The author also provided limitations to the research, areas for future research and a personal reflection on the year. The following chapter will conclude the research project in accordance with the research objectives.

Chapter 6

Conclusion

Chapter Six

Conclusion

6.1 Introduction

In this chapter, the author aims to conclude the main findings of the research with regard to each objective. Finally, the chapter ends with concluding comments from the author.

6.2 Objective One: To establish the range of skills required from the modern accountant, and investigate whether they differ from those of ten years ago.

The responses from question 1 indicated the low number of large, or even medium sized accountancy firms in the midlands, with 91.7% having ten or less people. The author was impressed by the range of skills possessed by accountancy firms with such low level of employees. It became clear that to compete as a small to medium sized practitioner in the modern era, one must have a capable knowledge of a broad amount of topics, rather than an in-depth knowledge of one or two specific areas. The author found that 75% of the respondents believe their role as an accountant has changed in

the past ten years. Certain fields such as insolvency, compliance and IT have become increasingly prominent in the profession and accountants have had to adapt in order to become competent in these areas.

6.3 Objective Two: To develop an understanding of the factors accountancy firms deem important in maintaining a healthy relationship with clients.

The findings from the online questionnaire with respect to this objective reflected positively on the accountancy profession. The author found that respondents rank trust and confidentiality; and advice and feedback as the first and second most important aspects of maintaining healthy relationships with clients. It emerged from the findings that the recession had a big impact on the services required by clients, especially for small to medium sized practitioners. Small to medium sized accountancy firms now see themselves in an advisory role as they seek to aid their clients in dealing with banks or tax authorities. Another important factor in maintaining a healthy relationship with clients is sustaining a high level of competence in relation to IT. The development of IT has assisted accountancy firms in their dealings with clients, as clients are now capable of filling out forms electronically. This in turn frees up time for accountants and allows them to focus on offering more valuable services. The author believes accountancy firms should continue to regard advisory as an important aspect in dealing with clients. It engages clients on a personal level, and shows that they are valued by the firm.

6.4 Objective Three: To examine the change in the image of an accountant in the last ten years.

The author found that the recent financial crisis has had a negative impact on the image of the accountancy profession, and that a small minority of accountancy firms are to blame. Although much of the fraudulent activity took place at a high level, it reflects poorly on the profession as a whole. The result of this high level fraud leaves the average person on the street with a generic opinion of the profession as being awash with corruption and unscrupulous behaviour. The author also discovered a silver lining to the dark cloud of the recession. Some individuals are of the view that the recession transformed the image of the profession from the stereotypical view of having no social skills and dull personalities, to that of a more respected outlook, as accountants seek to become more trustworthy to their clients.

6.5 Objective Four: To identify the next step/steps for the profession.

As it is difficult to predict what the future holds, it is no surprise that the author received a diverse range of responses for this objective. There is a view that the profession will become increasingly regulated and compliance issues will become more prominent. If this is the case, the new regulation needs to be more focused. Constant introduction of new regulation does not necessarily mean fraudulent activity will go away. It makes life more difficult for small and medium sized practitioners. The next step for the profession is to simply go back to basics and connect with clients on their level.

6.6 Concluding Comments

In conclusion, the accountancy profession has witnessed a change in the past ten years. This is largely due to the role certain members of the profession played in the banking crisis. It has affected: the duties an accountant performs, the way in which an accountant interacts with his/her clients, and the image and reputation of the profession. The future for the profession is not certain, but the author, for one, is awaiting the next step with optimism.

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Appendix A: Introduction message for Questionnaires

To: [Email]
From: "a00191775@student.ait.ie via surveymonkey.com" <member@surveymonkey.com>
Subject: Attention Senior Partner
Body: To whom it may concern:

My name is Stephen O' Farrell and I am currently completing a Masters of Accounting at the Athlone Institute of Technology.

One of the requirements of the masters programme involves undertaking a research project. I am in the process of sourcing information from various members engaged in the accountancy profession. I would greatly appreciate if you could take some time out of your busy schedule to complete the questionnaire below.

The questionnaire consists of ten questions and should take no longer than 7 minutes to complete.

All of the information that you provide in the questionnaire will remain strictly confidential and will only be used for the purpose of this research project.

I will provide you with a summary of the findings which may be of some benefit to your firm.

To access the questionnaire, you simply double click on the link below....

<http://www.surveymonkey.com/s.aspx>

I would like to thank you for your time in completing the questionnaire. Also, I wish you and your firm all the best in the future.

Please note: If you do not wish to receive further emails from us, please click the link below, and you will be automatically removed from our mailing list.
<http://www.surveymonkey.com/optout.aspx>

Appendix B: Reminder message for Questionnaires

To: [Email]
From: "a00191775@student.ait.ie via surveymonkey.com" <member@surveymonkey.com>
Subject: Re: Attention Senior Partner
Body: I would like to thank those of you that have taken the time to complete the questionnaire that I distributed recently via email. Your responses have been a helpful aid to my research studies.

This is a gentle reminder for those of you that have not yet completed the survey. I would really appreciate it if you could take just a few minutes of your time to complete the survey on the link below.

<http://www.surveymonkey.com/s.aspx>

If you are experiencing any problems with the questionnaire or have any queries, please do not hesitate to contact me at this address.

Kind Regards,

Stephen O' Farrell
M.A in Accounting Student,
Athlone Institute of Technology.

Please note: If you do not wish to receive further emails from us, please click the link below, and you will be automatically removed from our mailing list.
<http://www.surveymonkey.com/optout.aspx>

Appendix C: Online Questionnaire

1. How many people, including partners, work in your organisation / practice?

- 1 person
- 2-10 people
- 11-19 people
- 20 or more people

2. Which of the following services does your firm provide?

- Bookkeeping
- Tax Returns
- Company Secretarial
- Auditing
- Corporate Reporting
- Tax Consultancy
- Wealth Management
- Management Consultancy
- Other (please specify)

3. Rank (1-9) the following services (where appropriate) in terms of their importance to your firm. i.e. 1 is the highest level of importance

	1	2	3	4	5	6	7	8	9
Bookkeeping	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Tax Returns	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Company Secretarial	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Auditing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Corporate Reporting	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Tax Consultancy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

	1	2	3	4	5	6	7	8	9
Wealth Management	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Management Consultancy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

4. Do you believe your role as an accountant has changed over the last 10 years?

- Yes
- No

5. If your answer to question 4 is yes, in your opinion, briefly describe what the biggest change(s) in your role has been? (If your answer to question 4 is no, please insert N/A in the box)

6. How often do you typically meet your clients?

- Monthly
- Quarterly
- Bi-Annually
- Annually

7. Which of the following aspects of the accounting profession would you see as being important in dealing with your clients? (Rank in terms of their importance)

- Value for money
- Advice and Feedback
- Development of future business plans
- Trust & Confidentiality
- Reputation

8. Does the current recession have any impact on the services your clients require?

- Yes
- No

9. If your answer to question 8 is yes, state briefly what impact it has had on the services you provide. (If your answer to question 8 is no, please insert N/A in the box)



If your answer to question 8 is yes, state briefly what impact it has had on the services you provide. (If your answer to question 8 is no, please insert N/A in the box)

10. In your opinion, what will be the next biggest change in the accountancy profession going forward?

Appendix D: Semi-Structured Interview Transcript

Interviewer: Stephen O' Farrell (SOF)

Interviewee: Niall Fitzgerald (NF) Practice consultant for the Institute of Chartered Accountants Ireland

Date and Time: Friday 12th July 2013 at 1pm

SOF: First of all I'd like to say thanks a million for participating in this interview I really appreciate it.

NF: No problem at all I'm happy to do it.

SOF: Just before we start I've to make sure you don't mind the fact that I'm recording this conversation and it will be included in my thesis?

NF: No not at all.

SOF: Okay that's great. I'll start things off so. Has there been an increase in the scope of areas an accountancy firm would have to deal with? For example, instead of just tax and audit, a firm might have to know about IT, management consulting, pension funding, insolvency etc.

NF: Take Deloitte for example. They cater for large companies, plc.'s, subsidiary plc.'s, Multi-National companies etc. Catering for the international client base and the scope of what they require to do is very specified; so there is limited scope you could argue and that is why they are departmentalised. They need to be specialised. If you went to an audit department for an audit and you ask a question about IT, the auditor will not know and refer them across to the IT Section. You might ask about management consulting or ask to be advised on a certain transaction. You will be transferred to the business advisory services. On a large scale you have those services there already. Therefore, it could be argued that no change has occurred in the larger accountancy firms because they already had those departments. There has been a huge change in the context of regulation for big firms, but there hasn't been much of a change in the services they are expected to deliver.

SOF: So in the likes of a small business, would they have to know about IT, for example, themselves?

NF: Yes, generally, small firms require different skill sets. There is a tendency for small practices to sell themselves based on their ability. They will attract clients that suit their ability. In a small to medium size practice you basically need to wear more hats. A small practitioner will need to know a small amount about tax but he won't be a specialist. Small practitioners are required to know more but on a more general level. What the small practitioner does is they have a client base that will demand what they need to know and if they don't know it then they will not be able to deliver it.

What small practitioners need to know a lot more about today is insolvency for example. You need to be an insolvency expert. Nearly everybody needs to know about insolvency due to the recession. Accountants need to know a lot more specialised knowledge than they would have in the past. They need to know a lot more about corporate recovery and dealing with businesses in trouble and businesses who are restructuring. Small to medium size practitioners deal with people who, basically might not know a lot about the financial side of things, for example, sole-traders or partnerships. Small to medium size practitioners have to take on a leader's role in the business of their client and tell them what they need to be doing.

SOF: Has the evolution of IT played an important role in Accountancy Firms in the past ten years?

NF: Yes, it has had a massive impact on the profession. A lot of accounting practices have gone online. A lot of clients these days are expected to input more of the information themselves. The accountant is becoming less of a data processor and more of an advisor. You are not dealing with a client base that is computer illiterate anymore. Familiarity with standard packages like excel, word etc. is taken for granted nowadays. If you want your Accountant to be entering data for invoices and receipts into a package for you, you are going to pay for that, so a lot of businesses say 'hang on, I can do this myself or hire a book-keeper to do it for me'.

SOF: Yes, that makes sense.

NF: For your client to compete internationally, or even nationally, they need to be on the web. Whatever gets them access to their customer base, they need to have, e.g. Apps for Smartphones. Therefore, if you are the accountant and are going to be the business advisor, you need keep up to date with technology. You don't need to be an expert but have the expertise in your network so you can point your client forward, expressing the importance of being on the web.

When you become qualified, accountants have to do CPD – Continuous Professional Development. The number of courses that are now available in the IT sector is unreal. I am on the IT committee for Chartered Accountants in Ireland and even when you see a body like Chartered Accountants Ireland forming a committee to deal solely with IT; that signifies the importance of it in the profession. It's huge in the context that you are expected to know this stuff. Smaller firms might get away with it but in the big firms you wouldn't.

SOF: I mentioned before about the image of the accountant. Do you believe that has changed? If so, has it changed for the better or for worse?

NF: The image has been tarnished by the fallouts from what is going on in the banks. Sometimes the man on the street cannot differentiate between what went on at a high level, for example the Lehman Brothers, and the level of small to medium size practitioners. An interesting statistic, speaking strictly for chartered firms, is that there are approximately 1600 chartered firms in the island of Ireland and only four of them are the 'Big 4'. That leaves 1596 other firms. Unfortunately the image is painted by the media, people's perceptions and people's experiences.

SOF: So what should the profession do to improve its image?

NF: The first step for the profession should be to restore the image of the accountant as an advisor whom a client can turn to and trust. Gaining and maintaining trust will involve ethics and just being a good person. Simply that's it. The technical expertise; the regulatory knowledge; the ability to do a tax return; the ability to prepare a set of accounts, are all expected as standard. You are not going to set yourself aside by being an exceptional accountant by knowing your debits and credits. You are going to set yourself aside by having a good relationship with your clients. The image has certainly changed, but my generation will say it is for the better.

SOF: How so?

NF: It has moved from the sticky, Victorian, reputable image of being an upstanding member of society, to a more trusted image. Any profession should be the same. I don't connect with that but the older generation would. Absolutely the image has changed, for better or worse let the public decide.

SOF: Finally, you kind of touched on it already, but in terms of going forward, what do you feel is the next step for the profession?

NF: You have to connect with people on their level, if you are going to advise, not just for Accountants, it is across the board, any profession, doctors even. Now this thing of going into a hospital and the doctor throwing these big words at you. Generally you don't have a clue what they are talking about. They need to come down to the patient's level and tell them they broke their arm for example. Big words mean nothing. Gain the trust of the public and speak at their level. You don't want to be their best friend; it's having the ability to deliver bad news as well as good news and its being able to turn your back on the quick buck because if you get into any profession you have to be in it for the long term. You build your profession on reputation. It's all well and good making a quick buck by telling someone to invest in something that will make you €20,000 richer, but you are not going to live on €20,000 for the rest of your life if they find out that you made a quick buck on the back of their investment.

SOF: So basically the main aim of the profession should be to repair its reputation?

NF: Yes, the next step for Accountants is not in the regulatory field, we are over regulated. Regulation is good but it is not focused. At the moment we don't have focused regulation addressing specific problems. The regulations we have are very generic and regulation in this country is proactive. The next step for the accountancy profession is not in the regulatory field, it is in the mind-set on the ethics front, corporate governance and social responsibility and that is where it is.

SOF: Okay I think that's everything. I can't thank you enough for doing that I appreciate your time.

NF: No problem at all. Best of luck with the thesis.