

COMMUNICATIVE ACCOUNTANCY: A REALISTIC APPROACH

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Abstract : In this paper we have studied and analyzed whether there exist a proper communication of knowledge of Accountancy subject by the learners' of Accounts to their teachers, mentors and to every other person, whom they are accountable for the same. The study shows that there exists a huge gap between the knowledge of Accountancy subject and its communication by the learners' to their teachers, mentors and the every other person to whom they are accountable for the same. Sincere efforts are required at every possible level in the hierarchy of education system and the organizational set ups to bridge this gaps, so as to bring the learners' of the Accountancy subject in the main stream of the organizational system and helping them to have gainful employment and source of earning through the same.

Key Terms – Communication, Accountancy and Learners'

INTRODUCTION

Communication is a multifaceted activity involving words, body language, voice tone and volume, the topic under discussion, the prejudgments that people bring to the topic, and the "communication history" between participants in the discussion. Communication is effective when the recipient of a message understands its meaning and can express that meaning back to the speaker or sender of the message. We normally check for that understanding with words like these: "Do you know what I mean?" It is not enough just to hear the words. The listener must understand the meaning well enough to respond to and to act upon it.

Communication serves as the foundation of every facet of a business. Thus, it can be said that effective communication is the building block of an organization.

Effective communication is important for the development of any organization. It is something which helps the managers to perform the basic functions of management- Planning, Organizing, Motivating and Controlling. Communication skills whether written or oral form the basis of any business activity.

Effective communication is a basic prerequisite for the attainment of organisational goals. No organisation, no group can exist without communication. Co-ordination of work is impossible and the organisation will collapse for lack of communication. Co-operation also becomes impossible because people cannot communicate their needs and feelings to others.

The Study:

The researchers have observed that the students of commerce specially of Accountancy subject, which is main paper under commerce, are of the opinion that numbers speak and they don't need to pay

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attention to their verbal i.e. oral and written communication.

Also if one studies the question paper pattern of first year, second year and third year of Accountancy, one will observe that very little emphasis is given on students' communication skill.

David Christensen and David Rees of Southern Utah University, in their research paper titled, Communication Skills Needed By Entry-Level Accountants, listed down the following requirements of the industry to appoint a person at an entry level accountant:

1. Listens effectively
2. Uses correct grammar in both spoken and written communication
3. Writes well – clearly, concisely, correctly, completely
4. Produces correctly spelled documents
5. Asks appropriate questions when talking with customers
6. Organizes information into effective sentences and paragraphs
7. Uses an effective business vocabulary

If we compare what it takes to become an effective communicator and what is the industry's demand, we will know it is one and the same. But the real question is our education system preparing students for the same?

In our education system, we have created departments with each department having their own specific criterions. We need to understand that the terms used in accounts come from English language which helps in making expression more clear. Communication skills are essential for presenting Balance Sheets, Drafting notices, agenda, resolutions, negotiation, press release, corporate announcements. Ratan Tata in one of the interview to Economics Times said, "I need MBA's to run my business but I need CA's to teach MBA's how to run the business.!!"

Keeping this in mind, ICAI has made it mandatory to complete General Management Communication Skills (GMCS) Course before applying for membership of the ICAI for all the CA aspirants

The GMCS course is divided in to two as GMCS I and GMCS II and the details are as follows:

GMCS-I Course

The 15 days full time Course on General Management and Communications Skills-I has been developed to make CAs Complete Business Managers (versus just accountants) with an all-round personality encompassing managerial skills, soft skills, time management skills and interpersonal skills and negotiation skills. This course is undergone by the students (who have joined articleship training on or after 1st May, 2012) during their 1st year of articleship training and completion of GMCS-I Course is a regulatory requirement under Regulation 51A/72A.

The GMCS-I Course aims to equip the entrants to the profession with some essential skills, such as-

- ❖ To develop effective communication and presentation skills
- ❖ To inculcate business acumen and public relation skills
- ❖ To develop all round personality with mature outlook to function effectively in different atmosphere

GMCS-II Course

The 15 days full time Course on General Management and Communications Skills-II has been administered when a CA student is about to complete articleship training and look for full time employment. He/she has some experience working as an article and needs to be prepared to take on even larger responsibilities. This course is undergone by the students (who have joined on or after 1st May, 2012) during 19th and 36th month of articleship training and completion of GMCS-II Course is a regulatory requirement under Regulation 51A/72A.

The GMCS-II Course aims to equip the students to the profession with some essential skills, such as-

- ❖ To sharpen communication and presentation skills
- ❖ To develop inter-personal and leadership skills
- ❖ To provide an understanding of contemporary business environment and opportunities
- ❖ To prepare the student for a career either in employment or in practice, by coaching them to be adaptable and accountable

ICAI has taken this initiative to ensure that CAs should also become good managers. Effective communication is important in business dealing with employees and outsiders, such as vendors and clients. Because accounting is an intrinsic part of any business, good communication skills are vital in this area. Important financial tasks such as budget preparation and reporting, bill paying, payroll and recording income need to be presented properly to management and others to be useful and meaningful.

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People in accounting departments are required to deal with different stake holders of the organization mentioned below, and effective communication plays a key role here.

Management:

The most important use of accounting data is to communicate meaningful information, allowing management to make good decisions. To be effective, accounting information must make sense and be understood; or else, it is just a list of numbers with no real significance.

Investors:

Another important user of accounting information is the investor, who wants to know how a business is doing financially. Usually this type of information is communicated through standard reports, such as balance sheets and income statements, compiled using generally accepted accounting principles. Many investors may also want to see cash flow statements with information about money coming in and going out in a business. They may also request special reporting.

Government:

Accounting information needs to be communicated properly to government entities in the case of taxes. Communication regarding financial matters to government should be done in writing as much as possible. Talking about accounting numbers on the phone can create confusion and should be avoided as much as possible.

Banks:

Banks may want to be appraised of financial situation of businesses, making communication of accounting matters a priority in many firms. In case of bank loans, there may be periodic reports using accounting information.

Present System of Teaching and Evaluation at Undergraduate Level:

In our 75 marks question paper (external evaluation system) under the present system of Credit and Grading System:

- ❖ There is 1 question of 15 marks (i.e. question no. 5) where the learners' are required to write theory questions in English in the real sense.
- ❖ Whereas for other four questions 'format of the solution and the numbers' are given with the more importance, wherein hardly the knowledge of Accountancy of the student is tested.

Being an Accountant it is very essential that he should speak through numbers but accounts isn't limited to numbers only. It also includes analysis and interpretation of this numbers, so as to help the decision making process at every level of the organizational set up.

Unfortunately as the syllabus and examination system, as it stands today, the learner' do not give more emphasis on understanding the basics of the Accountancy subject such as;

- ❖ Accounting Concepts
- ❖ Accounting Conventions
- ❖ Accounting Standards
- ❖ Accounting Guidelines
- ❖ Acts and Laws related to Accountancy, Auditing and Taxation

It is because, at times they are not taught the same in the classroom by their respective teachers to the level required and it is not tested in the examination system, whereby they are evaluated and given grades for.

Since the present system of teaching and evaluating gives more importance to 'solving the given problems' of either '8 or 7 or 15 marks', learners' by-heart the solutions of the respective topics, as they are monotonous and get the marks by 'reproducing the same' as an 'answer' in the examination paper without understanding, many a times why they are 'solving that problem in that particular manner'.

We believe it to be a problem of our education system of 'teaching and evaluation' whereby the learners' are not parted with the real education of the subjects like 'accounts' as it should be made and more importance is given to the 'format of the solutions' in which they have to write their answers. As a result of which at times they get 'good marks and the grades' but they hardly acquire the knowledge of the subjects like 'Accountancy' and remain 'jobless' as they lack the proper knowledge of Accountancy subject. They

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fail miserably in the ‘interviews’ so conducted for gaining them a ‘reasonably good employment’.

Recommendations and Conclusions:

If we really want that our learners’ should learn the subject skills and then we need to make smaller parts of the topics in teaching and evaluation as follows:

- ❖ We need to divide the entire paper, say of 75 marks into small question of say 5 marks each.
- ❖ We need to give them posers (small case studies) on the small topics forming part of the bigger topic.
- ❖ As an answer to these posers the learners’ are expected:
- ❖ To know the basics of Accountancy Concepts, Conventions, Standards, Guidelines and the related provisions of Accountancy, Auditing and Taxation Laws.
- ❖ To know how to apply this conceptual knowledge to the small case studies given in the form of the posers.
- ❖ To know the calculation part of the same
- ❖ To know the arithmetical accuracy part of the same
- ❖ To know the realistic approach of the same as applicable in the practical business world
- ❖ Here the learners’ should be allowed to write the answers ‘either in English or in the language of that state’, i.e. say in ‘Marathi’ in Maharashtra State.

Contribution of the Study:

If the recommendations of the study are accepted then it would bring a revolution in the present ‘teaching, learning and evaluation’ system by focusing on the ‘learners’ of the said system. It would enable the learners’ to ‘learn and practice’ the skills of accountancy knowledge, without bothering about the ‘format of the solutions and the English language’, as they would be allowed to write the answers in ‘Marathi’ also. It would make them to focus on the ‘basic conceptual knowledge’ of the Accountancy subject, which would give them the ‘appropriate job and business opportunities’ in the business world.



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