

Proposed Global Professional Credential: A Case Study on ICAB, Bangladesh

Md. Eftekhar Alam

Lecturer, Department of Marketing, Bangladesh University of Business and Technology

Md. Rayhanul Islam

Senior Lecturer, Department of Real Estate, Faculty of Business & Entrepreneurship, Daffodil International University, Dhaka, Bangladesh

Nurul Mohammad Zayed

Assistant Professor & Head, Department of Real Estate, Faculty of Business & Entrepreneurship, Daffodil International University, Dhaka, Bangladesh

Abstract

The acceleration of globalization is affecting accounting profession across the world. This significant change also creating new career opportunities for those who are embracing this change positively. Most importantly, this paper has tried to bring out whether there is any gap between the content of the proposed standards of global credentials and the current standard of accounting professional body in Bangladesh. By using purposive sampling techniques, a sample size consisting of 15 respondents including real professionals and academicians were taken for the study. The data was analyzed based on qualitative content analysis technique. Many gaps are found regarding the professional accounting practices in Bangladesh compared to global professional credentials. These are namely skill gaps, thinking gaps, expectations gap and collaboration gap.

Keywords: Global Professional Credentials, Knowledge Economy, AICPA, Purposive sampling, and Content Analysis

1. INTRODUCTION

Credential refers to the academic qualifications or professional experience. In the present world, professional credentials have become more important due to the diversification of the expertise and area of activities. In the field of business administration, professional credentials have become more important compared to other fields. More specifically, professional credential is more crucial in the area of accounting. In accounting profession, the frequent changes and improvement have made this profession more challenging. The accounting professionals have to maintain both local and global standards due to the increased globalization of business. However, in Bangladesh, ICAB is the largest professional body of the accounting professionals which produce the qualified accounting professionals who are expected to be capable to maintain global standard of the profession. On the other hand, due to the new economic condition and globalization the knowledge work professional are facing challenges so does the accounting professional. Globalization and technological advancements have redefined the global economy. Information also becomes important commodities in today's commerce. As a result the information economy has redefined the global economy and professional identities around

the world. Companies from around the world are competing in local market on global scales so the competition has increased ever before. Accordingly to maintain the international compliance the financial statements and audit should be prepared according to the globally accepted accounting standards. As a result to address the need of the client the accounting professional also require to improve the quality and an expanded set of skills in global standards. Therefore to face the challenges the AICPA and Canadian institute of Chartered Accountants initiated a project for new credentials. The aim behind this project was to remain international in terms of quality and standards in times and spaces.

2. LITERATURE REVIEW

A robust national accountancy profession can play an important role in a country's economic and business development if transparency, accountability and efficiency can be integrated in the profession. Accountancy is a critical component of the infrastructure for a market economy. No economically sound activity would be possible without accountancy. Beyond the information it provides on the financial position and profitability of operations, it is the foundation of countries' fiscal systems and it plays a key role in corporate governance (Barth, Landsman & Lang, 2006).

Accounting plays a vital role in the collection of tax of countries because of its establishment of policies and procedures. However, this process is often hindered due to poor quality bookkeeping or in many cases fraudulent activities (Nimmo, 2012).

Like other professions including doctors, engineers and lawyers, accountants also need continuous professional development to keep updated about the contemporary issues. Professional development is required to learn and practice new knowledge and skills of the respective profession, (Mizell, 2010).

Today the accounting professionals are needed to have more diversified sets of knowledge and skills due to the changes in the business arena. Business are changing in the form of technology, goods and services, capital and in almost all other possible forms, (Bennerson, 2017).

The role of accountancy and accounting professionals cannot be overlooked and their contribution have become even more pronounced today due to the increased business regulations and new businesses surfacing in the economic environment within complex financial situations (Siegel, 1999)

Accounting helps in recording a business's growth, while analyzing figures and suggesting ways that it should take in the future. It's even said that fortunes are gambled on the advice an accountant provides (Dunn, P. (2002). Accountancy is not a short-term player, but plays a crucial part even in the long-term planning. So its role in the modern world cannot be just neglected, if any business wishes to strive and succeed in today's scenario (Lucia & Lapsing, 1999).

The work quality and efficiency in accounting profession has been improved substantially because of the blessings of the application of information technology in this profession. The adaptation of information technology has made the accounting profession not only more pleasant and interesting but also faster and more reliable, (Liyan, 2013).

Accounting profession has direct influence to economic development. This profession requires not only the knowledge but also acquire some important personal traits like ethics, integrity, independence and professionalism. In the absence of these qualities and behaviors in the profession, different regulatory bodies were established to regulate the accounting profession. Hence, to increase the confidence of public in the profession necessary steps needs to take place. It will create business growth which in turn will help in economic growth and eventually to the alleviation of poverty. It is the only way to enhance its contribution for economic development and sustainability. Increased transparency will also bring greater direct foreign investment (Greenberg, 2004).

The accountants also need to have command on the area of taxation and economics. Islam, M.R., (2016) found that indirect taxes play prime roles for collecting the government revenues and subsequently on GDP of Bangladesh.

Bangladesh is now shifting towards the IAS/IFRS based system and adopting its terms of measurement, recognition, reporting and disclosures of accounting information in compliance to US modeled SEC requirements. The imperatives for the development of accounting skills are enormous for establishing transparency within Bangladesh. Seeing the growing demand for accountancy professionals in the global perspective, the ICAB has begun to implement internationally accepted standards (Ali & Hwang, 2000).

The members of ICAB have identified few challenges. They mentioned that the globalization creates complex business environment and with the advancement of the technology the business processes became dependent on information system. To adapt with this situation sufficient skilled knowledge worker are in demand along with necessary intellectual properties. They also added that the lack of ethical practice possess the negative impression about the quality of the audit among public (Mir & Rahaman 2005).

The current business environment makes all this particularly challenging. Political instability, volatility in currency and commodity markets, growth of emerging markets, constraints on credit availability, rapid changes in technology, and a broadening of business risk exposure are among factors creating a complex and uncertain climate (Reddy, 2006).

The list of examples includes new mobile and cloud business models, block chain, digital currencies and payment mechanisms and new route to the investment such as crowd funding. The list of needed skills is tapped by the ability to apply technology to analyzing, interpreting, and presenting financial and non-financial time (Intuit, 2011).

3. OBJECTIVES OF THE STUDY

The objectives of this study are as follows:

- i. To know the different aspects of proposed global credentials and its necessity for the present world.
- ii. To identify the appropriate body of knowledge and skill set for the holder of new credentials.
- iii. To identify the gap between the content of proposed global professional credentials and the real scenario of professional practice of Bangladesh.

4. RESEARCH QUESTIONS

- i. What will the accountant of the future look like and what skills sets does s/he need?
- ii. Can the syllabus of the ICAB cope with the new economic condition and information technology revolution?

5. METHODOLOGY OF THE STUDY

Research Design

The study is descriptive in nature. Due to the nature of the study, descriptive survey research method was used to find out

the major aspects of proposed global professional credentials and also the gap regarding the practice of these credentials in Bangladesh. The data will be gathered and analyzed in qualitative way.

Sources of Data

Both the primary and secondary data are used in this study. Primary data are collected through a semi-structured questionnaire designed for the study. Secondary data are collected from various research journals, books, magazines and websites in order to understand the current situation and to supplement the findings of the study.

Preparation of the Questionnaire

The interview with respondents was conducted based on semi-structured questionnaire including several questions on personal, organizational, conceptual issues relevant to the study. Table-1 refers to the questionnaire for respondents on different aspects regarding the study.

<p>Personal Questions</p> <ul style="list-style-type: none"> ○ What is the length of your service in accountancy profession? ○ What position are you holding now? <p>Questions regarding the field of the study</p> <ul style="list-style-type: none"> ○ What’s your opinion regarding the proposed global professional credentials? ○ Do you think global credentials are really needed in the field of accounting? ○ How would you evaluate the impact of global credentials for the practice of accountancy in the next decades? ○ Do you think that the adoption of proposed global credentials is really vital for accounting professional body in Bangladesh? ○ Does the ICAB practice any of the aspect of proposed global credentials? ○ Do you find any gap regarding the practice of credentials in ICAB? ○ What are the recent modifications of ICAB for being a globally standard organization? ○ What are the futures challenges being encountered by the ICAB to maintain truly global credentials in its practices? ○ What would be your suggestions for the development of globally accepted professional credentials in the accounting practice of Bangladesh?
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Sampling Technique

It is important to consider the sampling method used in qualitative studies (Creswell, 2013). In qualitative research, the sampling strategy is usually chosen based on the methodology and topic, and not by the need for generalizability of the findings (Berg, 2001). Types of qualitative sampling include convenience, purposive, theoretical, selective, within-case and snowball sampling (Creswell, 2013; Higginbottom, 2004;

Polit& Beck, 2012). In our study we will use the purposive sampling for the determination of sample size and selection of the respondents. When using purposeful sampling, decisions need to be made about who or what is sampled, what form the sampling should take, and how many people or sites need to be sampled (Creswell, 2013).

Selection of the Respondents

A total of 15 respondents including 10 (ten) professionals and 5 (five) academicians were interviewed in the light of the objectives of the study. The selected respondents weretaken on the basis of relevant knowledge, vast working experience in training and teaching and also in participation in policy making. Before conducting the interview, preparation was made regarding convenient time, place, and the purpose of the study. List of the respondents is given below:

TABLE- 1 List of Respondents

Serial No.	Designation	Remarks
1	Professor	Scholar
2	Professor	Scholar
3	Professor	Scholar
4	Professor	Scholar
5	Certified Public Accountants (CPA)	Professional Practioner
6	Chartered Accountants (CA)	Professional Practioner
7	Chartered Accountants (CA)	Professional Practioner
8	Chartered Accountants (CA)	Professional Practioner
9	Chartered Accountants (CA)	Professional Practioner
10	Chartered Accountants (CA)	Professional Practioner
11	Chartered Accountants (CA)	Professional Practioner
12	Fellow Chartered Management Accountant (FCMA)	Scholar
13	Fellow Chartered Management Accountant (FCMA)	Scholar
14	Certified Public Accountans (CPA)	Professional Practioner
15	Professor	Scholar

Source: Authors’ Compilation

Data Collection and Analysis

Three different qualitative methods were used for collecting and analyzing the data. They are as follows:

- *Quick and walk in interview:* A quick interview of 15-20 minutes covering some basic aspects of the study with some respondents was made.
- *In-depth interview:* Following the quick interview session, an in-depth interview session was made with some experienced respondents in detail for finding out the gaps, challenges and suggestions.
- *Observation:* A significant amount of time will be spent on sample institution for observing the environment, learning methods and style, communication style, materials it is using, and so on.

6. DISCUSSIONS AND FINDINGS

Changes due to Drivers

In the modern, global economy, volatility is the new normal. The question now is how you chart a steady course for your business when the only thing we know for certain is that nothing is certain. With the discussion with the respondents, many forces have come into light which are shaping the business environment and accounting profession. These are given below in a table:

TABLE- 2 Forces influencing business environment and accounting profession.

Forces influencing business environment	Forces changing accounting profession
World Economy	Increases regulation and governance <ul style="list-style-type: none"> • Changes to global economic and regulatory infrastructure. • Expanding scope, amount and complexity of financial and non financial reporting.
Environment inBusiness	<ul style="list-style-type: none"> • Internet access for the general population-cost and quality of connectivity. • Using technology to improve reporting and presentation.
Change and Innovation	Globalization in business and profession <ul style="list-style-type: none"> • Global regulation becoming more complex; compliance becoming more automated. • Greater need for multilingual workers and multicultural teams.
Societal Works	Changing expectations of business and Professional accountants <ul style="list-style-type: none"> • Wider business perspective among all finance profession. • More strategic thinking and action among senior finance professionals. • Centralization and standardization of finance professionals. • More holistic approach to enterprise risk management.
Development in Learning	<ul style="list-style-type: none"> • Focus on sustainable wealth creation.

Source: Authors' Compilation

Economy of Knowledge

It's not the same as using knowledge to solve a problem. It includes the strategic integration of knowledge, integration of the sources of knowledge related to generic problems and defined objectives, and creating new knowledge. More fundamentally, it knows how to use knowledge to solve problems and achieve objectives.

Science and Technology

The young professional of accountants in our country has put strong opinion on the digitization of business. They highly noted that use of digital technologies have made the accounting profession a challenging one. The software based account system, digital reporting system, cloud computing, digital publishing have made a significant change in traditional accounting system.

Major Gaps found in ICAB regarding professional accounting credentials:

Through a vast discussion with the respondents about the practice of professional accountancy in ICAB, several gaps are found. These gaps are divided into following areas.

Skill Gap

Professionals from ICAB are unfamiliar with specialist software usages. Major areas like tax computation, compliances, and analysis are cornered from digitalization. Many respondents argued that ICAB professionals have lack of understanding of the possibilities created by digital communications technologies.

ICAB professionals lack specialized training and qualifications in subject matter areas such as corporate tax, indirect tax and group transactions and international tax. Respondents feel that they also lack knowledge and understanding of local and international laws and regulations.

All the respondents of this study put common opinion regarding reporting. ICAB professionals have the lacking in clear and concise explanation in reporting. Respondents also added the digitalization in reporting system, reporting system is failing to meet stakeholder's expectations.

All the respondents were found very disappointed regarding this issue. They pointed out that there is strong emphasis on code of conduct in ICAB. Its practice of accounting system lack integrity, objectivity and confidentiality in professionals thinking and behavior. No strict and must followed principles, procedures, guidelines and code of conduct by the professional body.

Thinking Gap

ICAB professionals are not preparing themselves for the upcoming global challenges. Everything matters in profession. Sector knowledge, business awareness and global perspective all together has made the profession a holistic one. But ICAB professionals are far from this long term holistic view of this profession. The professionals lack the ability to communicate in more holistic view of corporate governance.

Gap in Collaboration

Strong Global accreditation is also absent in ICAB body. Professional is not getting recognized equally in all countries.

A uniform standard should be maintained. Here the importance proposed global professional credentials' can really work.

7. SUMMARY AND CONCLUSION

Modern business environment has seen a dramatic paradigm in a very short time. Accounting professionals across the world are facing increasing challenges in practicing their profession. Changes, driven by a range of factors, will transform all aspects of business and society in the coming years, and are reshaping how accountants at all levels interact with one another and their boards and clients. New ways of doing business, shaped by technology and shifting regulatory environments, mean accountants in business and practice are not only facing tough challenges but also they are getting new opportunities. The role accountancy plays in any business is perhaps one of the most reliable ones. The core purpose of accountancy remains same, even when the procedures or methods may have seen a transformation. Technical expertise and ethics are and will remain vital. Professional accountants must follow worldwide recognized principles, procedures, guidelines and codes of professional conduct and ethics provided by the relevant professional body, local regulators, and international standard setters. Besides ensuring quality and ethical standards, they have to maintain good relationship with both the internal and external stakeholders for the sake of their profession. They should develop local and international knowledge of business practices, customs, cultural norms, economics, and other relevant issues. Reporting should be digitalized. As the apex body of the Accounting Professionals of Bangladesh, ICAB also needs to revise its syllabus and curriculums according to the contemporary needs. Quality in student admission should be ensured. Examination evaluation criteria and assessment system should be updated. More collaboration and accreditation is needed for getting worldwide acceptance. Public faith on auditing should be increased through transparency of work. Most importantly, mindset of the policy setters should be changed from traditional thinking.

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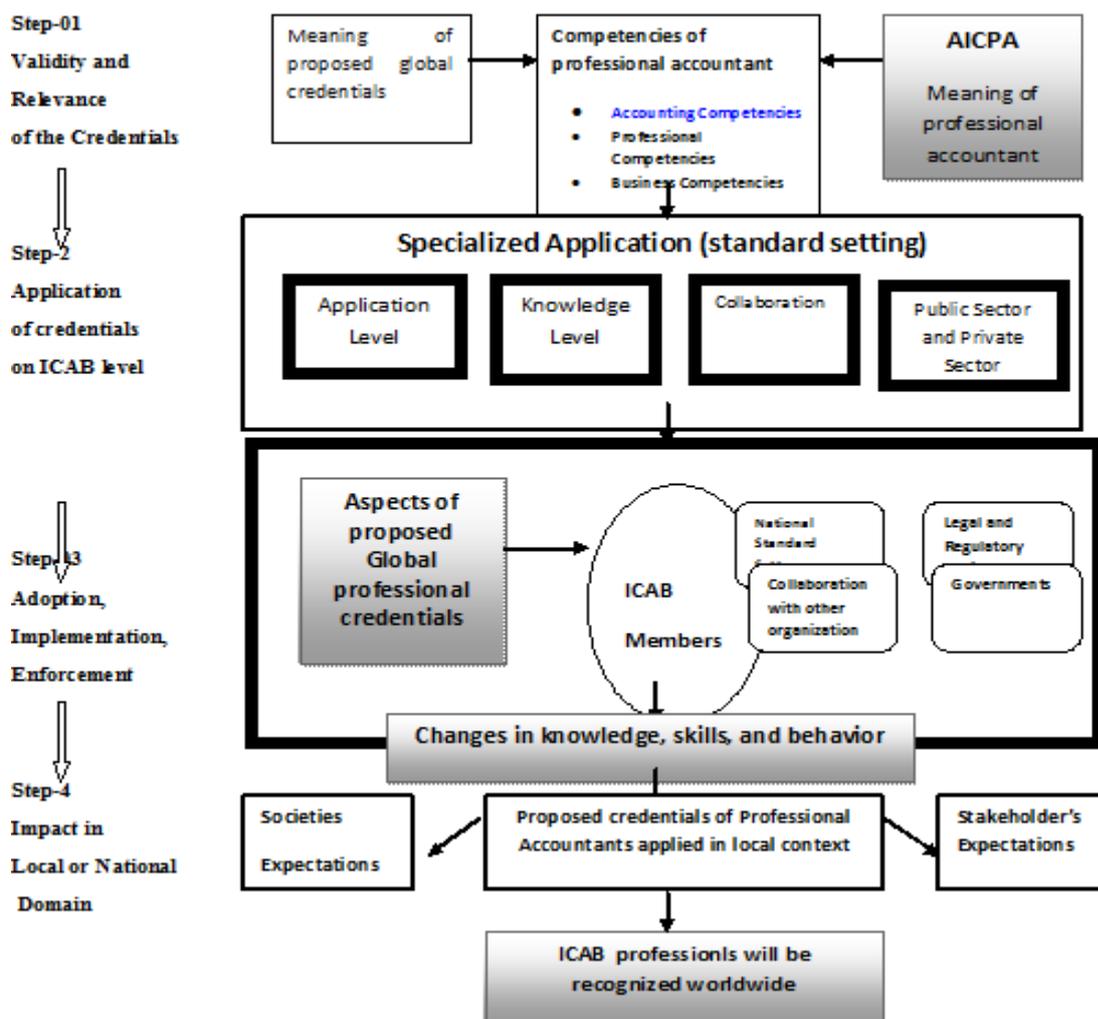
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APPENDIX-1

Proposed APPLICABILITY FRAMEWORK Flowchart



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