

Accountancy and Finance Roundtable Event

24 March 2011

The Arora Hotel, Manchester

Presentation by Angus Farr, Training Counts: 'Accountancy and Finance graduates: the employer's perspective'

Outlined ratios of applications: Assessment centre : recruited. 30 : 5 : 1

Structure of competency-based approach to selection: key questions are:

1. Can they do the job? Skills, experience, attitudes, relevant work experience, extra-curricular activities. Academic ability and likelihood of passing ACA exams.
2. Will they do the job? Motivation for work and study.
3. Will they fit in here?

Employers are making increasing use of assessment centres, which use a variety of methods including ability / personality tests, individual and group exercises and presentations.

Why candidates fail:

1. Not good enough – candidate issue.
2. Don't demonstrate how good they are – candidate issue.
3. Faulty selection process – employer issue.

How to improve chances:

1. Do the research! – don't just focus on the Big Four or on practice. Only 38% of new ACA students joined the Big Four firms last year.
2. Understand the employer's perspective.
3. Don't make it easy to be rejected – spelling mistakes, etc.
4. Practise. Don't make this the first assessment centre the student attends. This is an area in which universities could help students prepare. Students need to make use of their careers service for guidance – but they also need to take responsibility for themselves.
5. Practise some more!

Question from MMU: why are firms so concerned with passing exams?

Answer: two-thirds of the emphasis is upon ability to do the job. But the first sift of applications will be from HR staff. They will use the academic standard as an easy, objective method on which to filter a large number of applications.

Question: what is employers' attitude to exemptions?

Answer: the difficulty for graduates with relevant degrees who are granted credit for prior learning is that knowledge is assumed at the Advanced Stage. Students with CPL are relying on knowledge which may be from the first year of their degree; this knowledge is not as fresh as it is for those who were examined under the Professional Stage. The expectation gap is higher with relevant graduates as opposed to non-graduates.

Question: what is the value of a relevant degree, if students focus on their career rather than learning?

Answer: it is possible that some students with relevant degrees have chosen their degrees as the quickest route to employment. However, completion of a relevant degree does demonstrate ability in the subject, so long as the relevant degree is fit for purpose.

Comment: higher rates of student fees will put students into an economic purchasing situation and make them more focused on securing a good job at the end of their course.

Question: how do employers test for commerciality?

Answer: using interview questions or questions on the application form such as:

'Was yesterday's budget good for business?'

'What was the last business-related media story you came across?'

'If money was no object, what business would you start up and how would you see off the competition?'

Employers also use business games to gain an insight into applicants' thinking and way of working.

Question: what would be the relevant weighting of low UCAS points and a First Class degree?

Answer: research studies have shown a strong correlation between UCAS points and performance in professional examinations; therefore a candidate like this would unfortunately find it difficult to secure an interview. Employers will take into account mitigating factors, but candidates will need to disclose these and be prepared to discuss them at interview. Application for training agreements is so highly competitive that it is difficult for students who do not meet the core criteria to be considered.

Question: what about AAT students? – the AAT does not confer a high UCAS points score.

Answer: the AAT is a set of accountancy exams and therefore a good predictor of ability. Similarly, candidates with CFAB have proven their ability to succeed in ACA examinations.

Discussion: who drives the curriculum?

Mark Protherough outlined feedback he had received from firms that students lack commerciality and professional scepticism. This was borne out in comments from examiners and from the Professional Oversight Board. It is an area of sufficient concern that there are APB reports on how to develop professional scepticism.

The discussion took in curriculum planning and the drive to achieve maximum exemptions. Some participants felt that this could put the focus on exams rather than learning, making it a challenge to create opportunities for critical skills in the *curriculum*. Some felt this could lead to a two-tier degree system – one purely for the exemptions, and another for everything else, such as the politics, commerciality, theory and practice of accountancy. Other participants challenged this, stating that the development of critical skills was a fundamental part of any university study. There was some division of opinion on whether critical skills were the same as professional scepticism.

Participants reported a change in mind-set to become more standards-based rather than reasoning from first principles. Professional bodies could exacerbate this if they focus more on knowledge than on application.

The pressures on university funding posed a threat to business schools, regarded as the 'cash cows' of the institution and competing with private providers. The differences between the type of degrees offered by universities and private providers needs to be understood. There was a call for the profession to show that it values the more discursive degrees.

There was discussion of professional degrees developed to maximise exemptions or provide the most straightforward route into employment. Were these degrees developing a different set of skills which would not emphasise research and would therefore threaten the survival of academic accountancy research? It was understood that sponsoring firms were aware of

the risk of developing a narrow skillset and were looking for ways to broaden students' learning.

Amir Michael, from Durham Business School, described the approach taken in its new degree programme: research-led education aiming to train leaders. Critical skills were paramount and the programme is balanced to develop skills and knowledge.

Angus Farr warned that universities and firms needed to be careful about raising trainees' expectations in fast-track schemes: mid-tier firms felt the disadvantage of career-minded students completing training and then leaving to join investment banks. There was a big focus on retention and this could advantage less ambitious trainees who are able to demonstrate loyalty. Staff churn is bad for client relations – longevity is commercially valuable.

It was noted that not all employers allowed students to take up credit for prior learning – or that some allowed credit for the examinations but still required students to attend college.

In discussing credit for prior learning with students, it was thought helpful if universities could make it clear that the qualification was about work experience, initial professional development and structured training in ethics – not just examinations.

Carolyn Isaacs, from Nottingham Business School, asked whether there was a trend to Americanisation: a quick route/fast track to qualification followed by a later MBA.

Mark Protherough observed that firms at all levels were holding vacancies because they could not find the calibre of student they want.

John Cullen mentioned focus groups with stakeholders to explore graduate quality and the sustainability of accounting and finance careers.

Neil Marriott: Accountancy and Finance degrees today and tomorrow

Detailed presentation slides – would benefit from publication.

Increased tuition fees held implications as yet unknown for postgraduate fees and for the creation of a part time market. Reductions in international student numbers should be seen in the context of competition in an international market for the best students: business schools in the EU are now looking cheaper and can add the dimension of study in another culture.

HESA data showed that 1 in 7 UK undergraduates are in business schools. Growth is in finance courses rather than accounting. Student growth had been driven by EU and international students, especially from China.

Changing curriculum: skills development, internships and placement modules.

Discussion: The future of academic Accountancy & Finance education

Question: is the drive towards use of learning technologies inconsistent, and will this cause problems?

Answer: use of technology does not equate to teaching quality. Traditional methods can achieve high student satisfaction rates. What students value (particularly international students or students with specific learning difficulties) is the ability to replay – the most

popular technology is YouTube. Yet satisfaction ratings far exceed actual use: the availability of the resource gives a feeling of security.

Question: is it not a problem when business schools' use of technology can be ahead of the rest of the university and its supporting IT systems?

Answer: this can be a problem – but even so, universities may be significantly behind schools in this regard.

Question: are there workshops at which we can learn the best use of technology in accountancy teaching?

Answer: CDAF representatives are looking to set up such workshops and will share details with ICAEW for onward distribution.

Question: how does technology relate to engagement with the subject?

Answer: it is about recognising different ways of learning: students are comfortable with the use of technology but this does not reduce their willingness to discuss and debate in person. We must remember the purpose of the degree in the first instance, which is not all about the technology. The use of technology should be optimised, and used in context – however personal attention cannot be replaced. The biggest benefits from use of technology are when they are linked to interactive tests for immediate feedback and progress monitoring. It was noted that ability to use these was limited by budgetary control – an area in which universities will find it difficult to compete with private providers.

Delegates discussed the potential impact of increased tuition fees on departmental income. There were thoughts that business schools will face pressure to generate income, downgrading accountancy research. Some participants felt they were used as a Cash Cow to protect income and compete with the likes of BPP.

The publication of Key Information Sets including student satisfaction ratings and completion rates could give universities an advantage over private providers.

Mark Protherough summarised the themes of the presentation and discussion:

- How we deliver accountancy teaching: technical challenges.
- What we deliver: respond to the topics of the changing world of employment; university staff have a visionary role in the developing trends – may lead to a diverse range of degree products.
- Who delivers it: attracting staff into the accountancy academic community.

Shaun Robertson: Partner in Learning scheme, Working together

Shaun gave a presentation on the scheme, which was followed by a series of questions.

Question: what is the success rate of the speed networking events for securing graduate placements and training agreements?

Answer: Although there is no concrete data on success rates, this style of event provides students with a unique opportunity to make that initial impression, before the application process begins. The contacts made can be most useful further on down the line, so long as the student makes the most of the event.

Question: is there data on which of our university's students go on to pass ACA exams?

Answer: yes: and we would review this data (in aggregate – not relating to individuals) with you in our partner in learning meetings.

Question: what criteria do work placements need to fulfil in order to count as Technical Work Experience towards the ACA?

Answer: the student and the employer must be registered, and the student must meet the employer's recruitment criteria. TWE does not have to take place in practice: it can also be in business or public sector. It is, however, essential that the employer be registered before the student does the placement. Registration as an authorised training employer is free, straightforward and ensures the student is carrying out their experience in a suitable environment.

Question: what type of student enrolls on the Newcastle conversion course?

Answer: A wide variety; those who want a broad business based qualification distinct from their original degree or mature students who may have found it difficult to secure employment in their chosen sector.

Question: does the Newcastle conversion course use CFAB exams or CPL?

Answer: a combination of the two.

Question: what is the connection between ICAEW's thought leadership work and LPD?

Answer: we offer research opportunities in accountancy education and would be delighted to see research proposals which connect with our main themes and current issues.

Question: is there potential for postgraduate secondments from the profession to work with universities? This would secure a supply of academic staff earlier in their career; and for the firms, it would give benefit in encouraging their staff to think across silos. It could help address the issue that students qualify and go straight into LPD, for example BPP, as opposed to going into universities as academics.

Answer: please invite us to talk to your students about different career paths. We have to be careful not to be seen to be diverting talent away from employers.

[Shaun and Chris to collaborate on an article for students]

Mark Protherough mentioned that ICAEW regularly advertised for examiners and that academics interested in the links between professional and academic education could make a valuable input through involvement as an examiner.

Question: what potential is there for universities to work with tuition providers?

Answer: BPP university and BPP Professional Education are different businesses. BPP PE may be interested in working with universities but it could raise a competition issue. Kaplan does not have its own degree awarding powers and needs to partner with universities for its degrees, for example University of London. BPP, Kaplan and Apollo all have different working practices and it is a case of finding the right organisation with which to partner.

The pressing issue that was repeated several times throughout today is that we, as a community, need to make Accounting more credible on its own as a relevant degree. Suggestions on how to do this were requested by John Cullen (Chair of CDAF), who will circulate these to ICAEW, as this is a topic which will continue to underline many debates at CDAF, BAA and ICAEW in the near future.