

European traditions in accounting

Ireland's blend of academic and professional accounting

Aileen Pierce



Ireland is a small island (84,400 square kilometers) lying to the extreme north-west of Europe. The island is divided into 32 counties, with 26 of these making up the Republic of Ireland, and the six most north-eastern counties making up Northern Ireland. Northern Ireland is part of the United Kingdom (UK). The political division took place in 1922 and the Republic of Ireland is now 90 years a sovereign, independent state. The population of the Republic in 2011 was just over 4.5 million people, having grown by almost 1 million in the previous 15 years. Ireland's growth in population since 1961 is joint highest (along with Luxembourg) in the 27 countries of the European Union.

Ireland's political, economic and historical links with the UK have had a profound effect on the development, organisation and regulation of accounting in Ireland. Chartered Accountants Ireland – CAI (formally The Institute of Chartered Accountants in Ireland) is the oldest and largest indigenous professional accountancy body. It was established in 1888 and currently has almost 21,000 members. CAI is a 32-county body (i.e., its jurisdiction covers the island of Ireland) and so it operates within both the Republic of Ireland (ROI) and the UK legislative systems. A smaller indigenous professional body, the Institute of Certified

Public Accountants in Ireland, was established in 1943 and has a current membership of just below 4,000. In addition to these 'local' bodies, substantial numbers of Irish professional accountants¹ are members of the major UK bodies, particularly ACCA and CIMA. Table 1 provides an analysis of professional accountants located in Ireland over the nine professional accountancy bodies 'prescribed' under IAASA legislation².

Because of the close ties between Ireland and the UK, national regulation of accounting, audit and financial reporting is, for all intents and purposes, the same in the two jurisdictions. It has followed the same development processes in each although legislation governing business, accounting and auditing has been generally introduced later in Ireland than the UK equivalent. Moreover, because of the 32-county remit of CAI and the traditional strength of both ACCA and CIMA in Ireland, accountancy in Ireland is typically considered within an island of Ireland context rather than from a Republic of Ireland perspective alone.

Academic accounting in Ireland was relatively slow to develop. Although there was a strong professional accounting tradition from the late 19th century, accountants were typically trained through professional practice and it was only in the mid-20th century that accounting became an established university subject. As explained in Pierce, Warnock and Pierce (forthcoming):

Zeff (1997, p. 6) acknowledges that 'the earliest full-time chair in a UK university with Accountancy or Accounting in its title' was filled in 1914 with the appointment of Bernard Francis Shields as Professor of Commerce and Accountancy at University College Galway (UCG) (now National University of Ireland, Galway). Professor Shields later moved to University College Dublin (UCD) as Professor of Commerce. However, neither he nor his successor in Galway 'was a qualified accountant, and neither published any works on accountancy' (Zeff, 1997, p. 6).

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Table 1: Number of qualified accountants located in the Republic of Ireland analysed by major accountancy bodies - 2011

	No.	%
Association of Chartered Certified Accountants (ACCA)	8,444	27.3
Institute of Chartered Accountants in England and Wales (ICAEW)	444	1.4
Institute of Chartered Accountants in Ireland (CAI)	13,908	45.0
Institute of Chartered Accountants of Scotland (ICAS)	69	0.2
Institute of Certified Public Accountants in Ireland (ICPAI)	3,548	11.5
Institute of Incorporated Public Accountants (IIPA)	207	0.7
Association of International Accountants (AIA)	125	0.4
Chartered Institute of Management Accountants (CIMA)	4,080	13.2
Chartered Institute of Public Finance and Accountancy (CIPFA)	65	0.2
	<u>30,890</u>	<u>100.0</u>

Source: IAASA (2012: 73)

Accounting tradition in Ireland (cont'd)

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The first full-time lecturer in accountancy in any Irish university was appointed by UCD in 1965 and the first full-time Chair in accountancy was filled (also by UCD) in 1971. Additional full-time accountancy positions were created in the 1970s and 80s to make UCD, with six full-time academics, the largest accountancy department in Ireland at the time. The number of accounting academics in other Irish institutions in the early 1980s is summarised in Pierce, Warnock and Pierce (forthcoming) as follows:

The appointment... in 1980 brought the number of full-time accounting academics in UCG to three. There were at that time departments of similarly limited size in Trinity College Dublin (TCD), University College Cork (UCC), the National Institutes of Higher Education in Dublin (NIHED) (now Dublin City University) and in Limerick (now the University of Limerick). In Northern Ireland's two main third level institutions, the number of full-time academic accountants in Queen's University Belfast (QUB) was also similar, while the larger number in the Ulster Polytechnic (later, the University of Ulster at Jordanstown (UJJ)) was explained by its provision of a significant number of professional accounting programmes.

The public third level education system in Ireland is comprised of seven universities in the Republic of Ireland³ (ROI), two universities in Northern Ireland⁴ (NI) and 14 Institutes of Technology⁵ (ITs). The ITs also contributed to the growth in numbers of accounting academics in Ireland from their foundation in the early 1970s. All of these institutions include accounting among their course offerings in programmes that range from specialist accounting and finance degrees to general business degrees to management programmes for particular sectors from the arts to agriculture. Moreover, there is a strong tradition of de-

livering graduate programmes in accounting that are accredited by professional bodies.

In the middle of the 20th century, accountancy was included as a core subject in general business degree programmes in the three established universities in ROI (UCC, UCD and UCG). It was taught by professional accountants who were recruited to permanent positions by the universities and they focused on the practice of accounting, tax and law. However, staff imbued with an interest in theoretical and conceptual aspects of accounting returned from PhD programmes in the UK, US and Australia in the early 1970s and they began to broaden the horizons of students so that the emphasis in accounting courses expanded to include both 'how to' account and 'thinking about' accounting. These pioneering Irish academics included the late Edward Cahill of Trinity College Dublin (and subsequently UCC), Pearse Colbert of UCD and Seamus Collins of UCD (and subsequently UCG/NUIG).

Around this time, Regional Technical Colleges (now Institutes of Technology) were established in many parts of Ireland with a particular mission to deliver a well-trained and educated workforce in support of government policies of industrial development. The RTCs included business and accounting programmes from the beginning and they recruited lecturers from among the many professional accountants with a strong interest in education. Very quickly these institutions forged strong linkages with professional accounting bodies whereby they offered courses and programmes specifically geared towards the requirements of professional bodies.

In the late 1970s, UCD introduced the first postgraduate programme specifically tailored for accelerated entry to professional qualification. Although the majority of graduates of the Diploma in Professional Accounting (subsequently the Master of Account-

ing programme) undertook chartered accountancy traineeships with large accountancy firms, a small minority used the Diploma qualification to gain substantial exemptions from ACCA and CIMA examinations. In the early 1980s Dublin City University introduced a postgraduate diploma in accounting programme for 'non-accounting' graduates. In the thirty years since, other Masters and Diploma programmes have been introduced in most of Ireland's universities and in some ITs to satisfy the demand for professionally-focused graduate degrees. Five of the seven ROI universities, one of two NI universities and four ITs offer one-year full-time postgraduate qualifications in accounting, the successful completion of which leads to significant exemptions from professional qualification exams.

By the mid-1980s, the number of accounting academics in Irish third-level institutions reached a level where it was feasible to form an academic accounting association. The *Irish Accounting Association* (which became the *Irish Accounting and Finance Association* in 1991) was established to promote research activity in Irish accounting departments throughout the island of Ireland and to support the development of the indigenous research community. This coincided with a significant change in the focus of academic endeavour in Irish universities and third-level colleges. Research assumed an increasingly high profile, academic staff without PhD qualifications were encouraged, and then required, to pursue PhDs and to publish in quality peer-reviewed journals. In the 1980s and 1990s, most Irish accounting PhDs were completed under the supervision of UK researchers, often on a part-time basis, and conferred by UK institutions.

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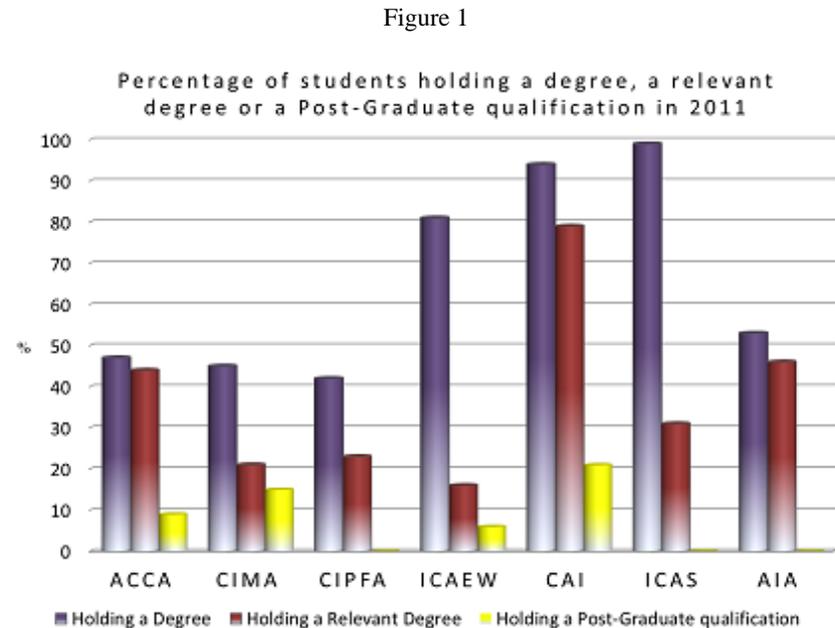
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Over the past 10-15 years, research expertise of the required quality exists in Irish institutions and is proactively delivering on the university missions of creating and disseminating knowledge through doctoral and post-doctoral research. Many full-time academics in Irish institutions, most of whom already have professional accountancy qualifications, now complete PhD qualifications on a part-time basis in other Irish institutions in addition to those continuing the traditional route of part-time PhD studies outside of Ireland.

In tandem with developing and expanding the Irish academic profession in recent decades, the Irish academic community has been strongly committed to internationalisation in multiple guises. International student and faculty recruitment is increasingly the norm, international exchange programmes for students and staff are supported, and participation in international activities and networks is strongly encouraged by university and business school leaders.

Irish accounting academics are also very committed to delivering high quality teaching and learning support for students. The proportion of young people in Ireland's population is high and accounting and business programmes attract high numbers. The accountancy profession in Ireland continues to be a significant employer of business and accounting graduates. Figure 1 demonstrates the relatively high proportion of new recruits into the largest Irish professional body from 'relevant' and post-graduate degrees. Students interested in accountancy as a career are very focused on securing employment prior to completing bachelor degrees and on maximising exemptions from professional examinations through accreditation of their third-level accounting education.



Source: Key Facts and Trends in the Accountancy Profession (FRC, 2012: 33)

Given that the majority of Irish accounting academics have professional accounting backgrounds, relationships between the academic and practising professions are strong and nurtured. Many Irish accounting academics contribute to student education and examination programmes for professional bodies and they volunteer for committees in support of their professional body. Indeed, it can be a source of tension for some accounting academics that the Irish academic environment is increasingly governed by almost exclusive reference to the traditional sciences model of evaluation, promotion and quality control. Maintaining connections and engagement with one's professional community is a challenge in that context but it is an involvement that continues to be important for many Irish accounting academics.

Moreover, accounting firms are significant and enthusiastic employers of a substantial proportion of our graduates, affording accountancy a positive reputation among students and parents in the current difficult economic environment. A focus on practice and its relevance for both research and teaching continues to be important for the Irish academic accounting community. Maintaining relevance for the professional practice of accounting is likely to continue to be a priority well into the future as is the further development of a vigorous research culture within that community.

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Footnotes:

¹ By 'Irish professional accountants' I mean Irish nationals and graduates of Irish universities and colleges who complete professional training (Initial Professional Development) through one of the 9 professional bodies recognised by The Irish Auditing & Accounting Supervisory Authority (IAASA).

² IAASA was established under specific 2003 legislation with a remit to supervise how professional accountancy bodies regulate and monitor their members, to monitor compliance of financial statements with regulatory requirements and to promote adherence to high professional standards in auditing and accounting in Ireland. Six of the nine Prescribed Accountancy Bodies (PABs) are also Recognised Accountancy Bodies (RABs). An RAB is a body that has been recognised for the purposes of the statutory Audit Directive Regulations and Companies Acts. RABs are permitted to register or license their members/member firms to practice as auditors. The six RABs are the ACCA, ICAEW, CAI, ICAS, ICPAI and the IIPA (Table 1 elaborates on these abbreviations). The three non-RABs included in PABs are CIMA, AIA and CIPFA.

³ Universities in Cork, Dublin (3), Galway, Limerick, and Maynooth.

⁴ Queen's University Belfast and the University of Ulster.

⁵ Athlone, Blanchardstown, Carlow, Cork, Dundalk, Dun Laoghaire (Institute of Art, Design and Technology), Letterkenny, Limerick, Galway-Mayo, Sligo, Tallaght, Tralee, and Waterford in addition to the older and substantially larger institution, The Dublin Institute of Technology.

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