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**CONTEMPORARY CHALLENGES FACING THE SOUTH AFRICAN ACCOUNTING
PROFESSION: ISSUES OF SELECTION, RECRUITMENT AND TRANSFORMATION**

STEPHEN ARTHUR COETZEE

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**Supervisor:
Professor Elizabeth Gammie**

**Co-supervisor:
Dr Susan Hamilton**

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CONTEMPORARY CHALLENGES FACING THE SOUTH AFRICAN ACCOUNTING PROFESSION: ISSUES OF SELECTION, RECRUITMENT AND TRANSFORMATION

ABSTRACT

This thesis aims to illuminate, through the lens of Murphy's interpretation of Weber's theory of social exclusion, contemporary challenges faced by the South African accounting profession pertaining to the shortage of professional accountants. In particular, increasing the throughput of students to the profession (Paper 1), member recruitment (Paper 2) and racial transformation of the profession (Paper 3) are considered.

Paper 1 provides additional validity for the technique of biodata-based selection through the use thereof to differentiate between students in a dual medium university who will, or will not, complete their accounting education programmes in a society exhibiting tacit exclusionary closure. The models development suggested that education and language remains a tacit form of social exclusion of Blacks in the South African accounting profession.

Paper 2 suggests that SAICA is the students' preferred choice of professional accounting association, regardless of demographic group. The students appear to hold a collective view of the accounting profession. Consequently, in an environment characterized by the significant exclusionary closure achieved by a particular association, competing associations may need to look beyond marketing the attributes of the association to students and perhaps consider challenging the colonization of higher education by the dominant association. Competing associations, with their less onerous education requirements, should additionally consider promoting the alternate pathways to the profession they may offer to the Black students tacitly excluded from the dominant association, SAICA, on the basis of their inability to access to a quality education.

An ideological challenge facing professional accounting associations in post-Apartheid South Africa, is racial transformation of the profession. Paper 3 explored the success or otherwise of the transformation projects implemented by SAICA through the lens of impression management and the use of voluntary disclosure. Given the disconnect between the slow pace of racial transformation achieved and the perceived 'success' of the profession transformation initiatives both in South Africa and abroad, it is suggested that the projects may have served more as a tool to manage the state's impression of transformation, rather than achieving sufficient student outputs to redress the racial imbalances in the profession. Consequently, significant expansion and / or revision of these projects are encouraged.

CHAPTER 1

INTRODUCTION

1.1 Introduction

Two decades since the end of Apartheid, one of the most effective social closure apparatuses in history, the legacy thereof continues to shape South African society and its accounting profession (Hammond et al., 2009). Apartheid was given effect primarily through social closure based on property ownership (class) and race (ibid). Flowing from these primary modes were secondary forms of social closure achieved through education and language (Murphy, 1984, 1988).

The 1913 Native Land Act resulted in the forced removal of Blacks from their land and into segregated ‘homelands’ (Magubane, 1990). Despite their removal and the cancellation of any property ownership and their citizenship, most of the working-class Blacks retained their employment in major South African industries (Hammond et al., 2009). Their movement back into and around South Africa was controlled by a pass system (ibid) and accommodation was generally provided to them in barrack-like conditions in townships developed near the major South African industrial areas, towns and cities (Hammond et al., 2009). At this time, and until the Nationalists took control of government in the 1948 elections, Blacks attended schools set up by religious organizations while the state provided education to the White populace. The Black schools provided schooling of the same quality that white children received in state schools (Cross, 1986).

In 1953 the Nationalist government passed the Bantu Education Act and the Reservation of Separate Amenities Act. This legislation resulted in the forced closure of the Black schools funded by religious organisations and the legal segregation of Blacks and Whites in state education and public facilities (Marx, 1998). A dual education system was implemented with significant inequality in the standard of education between the poorer funded and under resourced Black schools and the more affluent and well-resourced White schools (Sartorius and Sartorius, 2013). Black students were further disadvantaged by the predominance of English – and in some regions Afrikaans – pedagogy. These languages were spoken primarily by the White populace despite the largest home languages being Zulu, spoken by 24% of the population, and Xhosa, by 18%, and then only Afrikaans (13%) and English (8%) (Hammond et al., 2009).

Despite the abolition of Apartheid in the early 1990’s, the legacy created by the racial segregation continues to manifest itself. In many communities, class inequity and urban segregation remains

unchanged with the black populace, in general, remaining at a significant disadvantage in terms of capital ownership (Sartorius and Sartorius, 2013). Black students – particularly those attending former Bantu education schools continue to have their education impaired by a shortage of teachers¹, poorly trained teachers, overcrowded classrooms, a perpetual lack of funding², lack of support programs, weak parent-teacher bodies and little community support (Van der Berg, 2007; Hammond et al., 2009; Jansen, 2011; Lam, Ardington and Leibbrandt, 2011). Those Blacks who have been developed and elevated into a middle class face their own set of challenges. Despite being able to send their children to former White only schools and universities, their education may remain compromised (Bangeni and Kapp, 2007; Ndimande, 2013; Paxton, 2007). These former white only institutions have retained their traditional individualistic Eurocentric-based environment, which may not be ideal for Black students, being a collectivist society (Coetzee, Schmulian and Kotze, 2014). The assessment environment, in particular, encourages cutthroat competition to be the best individual performer in each assessment and the professional accountancy examination (Coetzee and Schmulian, 2012). This is suited to an individualistic culture, which emphasises independence, achievement, freedom and high levels of competition (Auyeung and Sands, 1996). In contrast, the collectivists give priority to the needs of the group rather than the individual, emphasising interdependence, harmony, cooperation and low levels of competition (ibid). Further, these institutions present education programs in English or Afrikaans, rather than the Black students' African home language, resulting in the challenge of learning in a second language (Janse van Rensburg, Coetzee and Schmulian, 2014).

1.2 The accounting profession

The South African accounting profession is synonymous with the South African Institute of Chartered Accountants (SAICA), as SAICA has achieved significant exclusionary closure of the profession during the Apartheid era and has maintained this dominance since (Venter and de Villiers, 2013). SAICA's membership (n=37 000 (SAICA, 2014)) greatly exceeds that of its competitors: South African Institute of Public Accountants (SAIPA) (approximately 10 000 (SAIPA, 2014)), and Association of Chartered Certified Accountants (ACCA) (approximately 500 (Ntshele, 2014)).

¹ The pupil-teacher ratio of the former Bantu schools is 31:1, compared to only 24:1 for the former White schools (Bhorat and Oosthuizen 2008).

² In addition to state funding, schools in more affluent former White areas are able to raise additional funds, through the collection of school fees from affluent parents and guardians. Consequently, these schools generally continue to be better resourced than the former Bantu schools located in the poorer townships areas. On average the former Bantu schools have 0.54 desks per learner compared to 0.91 desks per learner in former White schools (Bhorat and Oosthuizen 2008). Further, the poorest Bantu schools have approximately 35 library books and 2 PC's, while the former White schools have in excess of 4000 library books and 35 PC's (SACMEQ 2011).

The accounting profession in South Africa is characterised by a critical shortage of accountants. SAICA-sponsored research estimates 22 000 accounting and finance vacancies across all skill levels and sectors of the South African economy (SAICA, 2008), while Manpower's *2015 Talent Shortage Survey*³ suggests that accounting and finance positions in South Africa are the fourth most difficult positions for South African employers to fill. As the demand for accounting skills increases in a market, so the number and diversity of accounting associations should increase (Richardson and Kilfoyle, 2012). The opportunity for other accounting associations to secure a foothold in South Africa arose when revised corporate legislation issued by the post-Apartheid government in 2008 removed the audit requirement, which could only be undertaken by SAICA members, for private or limited public interest companies. The revised legislation empowered SAICA, SAIPA and ACCA members to perform independent reviews⁴ of these smaller entities' annual financial reports. Consequently, the national *Fasset*⁵ *Careers Guide* now promotes these three professional accounting associations amongst South African accounting students (Fasset, 2013).

A report by the World Bank in 2003 highlighted that the critical shortage of professional accountants in the post-Apartheid South African economy may be complicated by the slow transformation of the profession. When President FW de Klerk gave his 'Inauguration of the New South Africa' speech in 1990, which signalled the imminent end of Apartheid, only 25 Blacks had qualified as chartered accountants and had become members of SAICA (Hawksley, 1990). In addition to the challenge of qualifying in a racially segregated society, those Blacks that qualified faced the challenge of operating with White professionals who held notions of racial superiority that excluded the Blacks from the professional community (Power, 1991). Compounding this overt racial exclusion, subtler, indirect exclusion based on sociability, social activities, and other cultural and linguistic attributes, unrelated to technical competencies or abilities, was also experienced by Black chartered accountants and trainee accountants (Hammond et al. 2009). By the end of the first decade of democracy, SAICA had achieved little in terms of racial transformation of the accounting profession. White membership of

³ This survey investigates shortages across several professions through surveying nearly 40 000 employers across 39 countries and territories.

⁴ An independent review consists primarily of making inquiries of management and others within the entity involved in financial and accounting matters, applying analytical procedures, and evaluating the sufficiency and appropriateness of evidence obtained. The procedures performed in an independent review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (IRBA, 2015).

⁵ Fasset is the Finance and Accounting Services Sector Education and Training Authority of South Africa established in terms of the Skills Development Act (Act 97 of 1998). The purpose of Fasset is to fund and encourage education and training of employees and future employees in the finance and accounting services sector to address the skills shortage in this sector of the South African economy.

SAICA at the turn of the century represented 94% (SAICA, 1999) despite Blacks representing approximately 90% of the South African population. By the end of 2014, the Black membership of SAICA had increased to only 9% (SAICA, 2014).

1.2.1 Professional accounting education in South Africa

SAICA's dominance of the professional accounting labour market has meant that the association has been able to exert significant influence over accounting education in South Africa (Van der Schyf, 2008; Venter and de Villiers, 2013). Through this influence, pressure has been placed on SAICA-accredited accounting education programmes⁶ to increase the number of students graduating, to address the shortage of qualified accountants (SAICA, 2008; Venter and de Villiers, 2013). Further pressure has come from the state to increase student outputs, to address the skills shortages in the economy. The level of state funding⁷ received by universities is now heavily dependent on student outputs (DHET, 2011).

Initially, accounting education programmes were able to increase the number of enrolments, which resulted in a corresponding increase in graduates (SAQA, 2007). Accounting education programmes were in the 'fortunate' position that the number of school leavers qualifying for, and then seeking access to, higher education had increased markedly since the demise of Apartheid in 1994, given the opening of access to the universities for the Black majority (Nel and Kistner, 2009). Therefore, universities had a large pool of applicants from which to select their undergraduates and fill the increased number of places.

However, many students admitted to accounting education programmes may be inadequately prepared for university, despite meeting the current entrance requirements⁸ (FASSET, 2008). Not only do many of these students emerge from the poorly financed and resourced former Black schools but the restructuring of secondary school curricula and assessment in the late 1990's⁹, by the post-

⁶ In its role as an Education and Training Quality Assurer (ETQA) and in terms of its current standing with the Independent Regulatory Board for Auditors (IRBA), SAICA accredits certain programmes specifically designed to allow access to the professional qualifying examination. Currently 15 of South Africa's leading universities hold such accreditation (SAICA 2012).

⁷ Higher education in South Africa is primarily funded by the State, supplemented by student fees and other private income (DOE 2004).

⁸ The entrance requirements to each specific degree programme are determined institutionally and reviewed annually (HESA, 2013).

⁹ In 1998, outcomes-based education was introduced in South Africa. This education system was declared a failure and abandoned in 2010 (The Times, 2010).

Apartheid government, has led to great uncertainty as to the standard of the final school assessment and whether the results thereof are reliable predictors for academic success at university (Yeld and Hendry, 2002, Yeld, 2005; Foxcroft and Stumpf, 2005; Jansen, 2009; SAIRR, 2009). Consequently, while student enrolments have increased, graduate numbers have not increased proportionally. The Department of Higher Education and Training¹⁰, whilst not providing formal statistics, has indicated, based on university student data available to it, that the annual growth in graduates from all programmes, including accounting education, has slowed significantly since 2001, despite increasing student admissions to university (SAQA, 2007). Consistent statistical evidence is difficult to come by, but it has been reported that 55% to 70% of students registered for accounting first degrees and 45% to 55% of students registered for accounting honours programmes fail to successfully complete these programmes (FASSET, 2008).

Despite SAICA's dominance, many South African universities offer specific education pathways for each of ACCA, SAICA and SAIPA. While the membership requirements of these associations generally specify the successful completion of an appropriate university degree, the ACCA offers further alternative pathways to the traditional university education, including self-study or study with a university or non-university tuition provider. In South Africa, the majority of ACCA students (approximately 90%) appear to prefer completing a degree or diploma, before embarking on any outstanding ACCA education requirements on a self-study basis (Ntshele 2014). Given the differing pathways, commencing with the relevant accredited degree, students select the professional association that they intend joining and the required accredited programme early in their university education.

1.3 Social closure theory

The theoretical framework for this thesis is provided by Murphy's (1984, 1988) interpretation of Max Weber's theory of social closure (Weber 1946). Social closure theory represents Weber's general framework for understanding the various forms of exclusion and social stratification evident in society (Larson, 1977; Larkin, 1983). These forms of exclusion may be formal or informal rules and practices resulting in the exclusion of an individual or group on any basis including citizenship, education, ethnicity, gender, property, professional licencing or credentials, race or religion. Parkin

¹⁰The Department of Higher Education is responsible for the development of an effective higher education system in South Africa and to manage the South African government's responsibilities for the regulation of higher education systems in South Africa (DHET, 2013).

(1979), a neo-Weberian theorist who continued the Weberian attempt to develop this general overarching model for the analysis of all forms of social closure, asserted that in a capitalist society, the two primary modes of exclusionary closure are ownership of property and academic or professional credentials. The transition from exclusion based on collectivist criterion (including ethnicity, family lineage, gender and race) to individualist criterion (education and professional licencing) appears to represent moral progress, as exclusion based on individualist meritocratic criteria may be 'more acceptable or morally superior' than collective exclusion (Murphy, 1988).

Murphy (1984, 1988) challenges this conventionally held meritocratic view and urges caution in such 'hasty assumptions of moral progress' (Murphy, 1988, p. 167). Murphy (1988) describes this transition as being one from 'aristocratic domination or ethnic and racial stratification' to 'bourgeois individualistic liberal domination based on property in the market and credentials'. (Murphy, 1988 p. 167). Hammond *et al.* (2009), drawing on the work of Murphy (1984, 1988), identified specific shortcomings in the view of 'progress' in the move from collectivist to individualist criterion. Firstly, collectivist criterion remains evident in society. For example, citizenship remains a considerable basis of exclusion from modern economic activity (Murphy, 1988; Hammond *et al.* 2009). Secondly, individualist criterion, as a supposedly progressive and contemporary basis of exclusion, is a historical social construction, rooted in protestant work ethic¹¹ (Hammond *et al.*, 2009). Thirdly, education and professional credentials often reflect 'cultural background rather than individual ability or achievements' (Hammond *et al.*, 2009, p. 706):

"A number of official criteria in fact serve as a mask for hidden criteria: for example, the requiring of a given diploma can be a way of demanding a particular social origin which, though absent from the official job description, function as tacit requirements."
(Bourdieu, 1984: 102-103)

In capitalist societies, despite apparent free competition, economic power remains collectively held by the owners of property (Murphy, 1984, 1988). This economic power, held by the owners of property, is therefore a primary mode of exclusionary closure. The primacy thereof lies in the notion that access to education and credentials are often derived from the ownership of property. Access to elite schools and possession of appropriate social competencies is contingent on capital wealth (Hammond *et al.*, 2009; Coetzee *et al.*, 2014). Therefore, although Parkin (1979) asserted that dominated social groups are able to counter 'exclusionary' tactics through education, such countering

¹¹ The Protestant work ethic is a concept in theology, sociology, economics and history which emphasises that hard work and frugality are a result of a person's salvation in the Protestant faith, particularly in Calvinism

by dominated groups appears problematic (Murphy 1988). The lingering effects of Apartheid in South Africa offer evidence thereof. Even though the collectivist criteria of race, for social exclusion in South Africa, may have been abandoned, this criterion continues to operate indirectly, as the Whites continue to be advantaged by capital and property accumulated through their head start in the market and education system during Apartheid (Murphy, 1988; Hammond et al. 2009).

1.3.1 Professionalisation

Professional credentials, as social closure apparatus, have increasingly been used to support ‘claims to monopolise social and economically advantageous positions’ (Parkin, 1979, p 74). These credentials (especially when enforced by law) represents the control of a market for services provided to a consumer by a specific occupation (Larson, 1977; Collins, 1990) through effectively restricting the supply of labour and protecting the advantaged group from the hazards of the marketplace (Coronella *et al.*, 2015, p169). Achieving exclusionary closure affords professional associations and their members public recognition of professional status (Siegrist, 1990), upward social mobility, increased social standing (Larson, 1977; Beckman, 1990), and increased profitability (Willmott and Sikka, 1997). The Weberian approach to understanding professionalisation highlights the self-interest of professional associations (Willmott, 1986) and the highly political nature of professionalisation (Yee, 2012). While professional accounting associations outwardly appear to act in the ‘public interest’, they are in fact engaged in a series of interplays with various societal actors in pursuit of self-interested exclusionary closure of a market for services (Larson, 1977; Siegrist, 1990; Lee, 1995; Walker, 2008). Key actors, which professional associations seeking exclusionary closure have to manage, have been identified as: consumers in the market for services of the occupation (Larson, 1977; Streeck & Schmitter, 1985; Burrage, Jarausch & Siegrist, 1990; Krause, 1996); and the state, as a source of countervailing power (Skocpol, 1985; Streeck & Schmitter, 1985; Burrage, Jarausch & Siegrist, 1990; Krause, 1996). Of particular importance to this thesis is the role of the state. The South African state was instrumental in the creation, abolition and emergence from Apartheid.

The interaction of professional associations and the state and state agencies, as major societal actors, is an integral part of understanding the process of professionalisation (Joyce, 2014). If the state is unwilling to accept the power of a professional association, the path to professionalism becomes tenuous (Birkett and Evans, 2005). Earlier studies of professionalisation marginalised the role of the state (Chua and Poullaos, 1993). However, more contemporary research has considered strategies to attain the state’s acceptance and support as an important dependency in the process of professionalisation and a necessary condition to achieving exclusionary closure (see, for example,

Loft, 1986; Willmott, 1986; Richardson, 1989; Puxty, 1990; Bailey, 1992; Chua and Poullaos, 1993; Chua and Sinclair, 1994; Poullaos, 1994; Robson et al., 1994; Walker and Shackleton, 1995; Chua and Poullaos, 1998; Perera, Velayutham and Rahman, 2001; Ramirez, 2001; De Beelde, 2002; MacDonald and Richardson, 2004; Birkett and Evans, 2005; Sian, 2006; Yee, 2012; Altaher, Dyball and Evans, 2014). A professional association's relationship with the state may either be "close and indulgent" (Sikka and Willmott, 1995, p.362) or the state may be a "particularly dangerous foe", depending on the specific struggle the actors are engaged in and the alignment of their ideology (Chua and Poullaos, 1998, p.164). In strategizing the state-profession dynamic, professional accounting associations need to align their practices with public interest and state ideology to gain or maintain state support (Birkett and Evans, 2005).

A particular ideological challenge facing professional accounting associations in post-Apartheid South Africa, is racial transformation of the economy. South Africa's first democratic government, elected in 1994, had a clear mandate to redress inequalities of the past in every sphere of society. During the first decade of democracy, SAICA made several apparent attempts to transform the profession with little tangible results (Hammond, Clayton and Arnold, 2009). Despite Black people representing 90% of the South African population (Illustration 4.1), at the turn of the century only 175 (1%) Black, 135 (1%) Mixed-race and 715 (4%) Indians were members of SAICA, while White membership stood at 17,891 (94%) (SAICA, 1999). A report by the World Bank in 2003 highlighted the slow transformation of the profession, commenting that members of the Black community are yet to enter the profession in a significant scale and this was complicating the shortage of approximately 20,000 qualified professional accountants. Through the processes of professional closure and credentialing, SAICA has indirectly continued to exclude the majority of the population from the ranks of the profession on the basis of race (Hammond *et al.*, 2009).

1.4 Research aim and objective

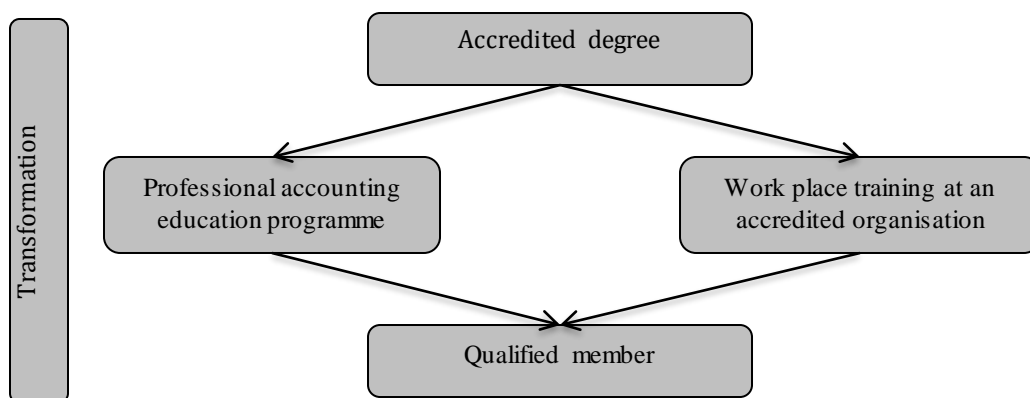


Illustration 1.1 Pathway to the profession

The South African chartered accountancy qualification requirements are rooted in the British model, which was spread throughout the British colonies in the nineteenth century (Chua & Poullaos, 2002). The initial professional development of an accounting professional therefore generally comprises of an accredited degree (general education), a professional accounting education programme and work place training (IAESB, 2015) (Illustration 1.1). Following the British model of professional self-regulation, the qualification standards are set by the professional association (SAICA), acting independent of the state, ensuring that the association maintains control over entry to the profession (Birkett and Evans, 2005; Hammond et al., 2009). Given that professional accounting associations in post-Apartheid South Africa are faced with the ideological challenge of the racial transformation of the accounting profession, this ideological challenge pervades the initial professional development of South African accounting professionals.

This thesis aims to illuminate, through the lens of Murphy's (1988, 1988) interpretation of Weber's theory of social exclusion, contemporary challenges pertaining to the critical shortage of professional accountants faced by the South African accounting profession at each stage of the pathway to the profession. In particular, this thesis considers:

- At the accredited degree stage: the selection of accounting students by education programmes to maximise the throughput of students to the profession (Chapter 2: Research Paper 1);
- At the work place training and admission to the profession stages: the students from different demographic groups choice, made early in their university education, of the professional

accounting association with which to undertake work place training and attributes of the association that were most influential in the students' choice of association (Chapter 3: Research Paper 2); and

- Pervasive to the entire pathway: the racial transformation of the accounting profession and a professional association's management of the state's impression thereof (Chapter 4: Research Paper 3).

1.4.1 Selection of accounting students to maximise throughput to the profession (Paper 1)

Ensuring that students who are admitted to accounting education programmes graduate is important to ensuring optimised throughput of students to the profession. While it is therefore important that only students with the best latent potential to complete these programmes are admitted, the social exclusion evident in South African society and the ideological challenge of redressing past inequalities and exclusions cannot be ignored in the decision to admit a student or not. To inform this decision to select a student for admission into an accounting education programme, a biodata approach was used to develop models to predict whether, or not, a student will complete the programme. The models, interpreted against the background of social closure theory, may assist the university in the decision to admit a student or not, while considering the ideological challenge of the racial transformation of South African society. Further these models may also assist teachers and career guidance counsellors in appropriately counselling students in their career decisions. Students may also employ the model to make more informed decisions in terms of their choice of education programme.

1.4.2 The students' choice of professional accounting association and the attributes of the association influential in that choice (Paper 2)

It has been suggested that through their exclusionary closure of the market for professional accounting services, SAICA has effectively stifled the ability of other associations to offer alternative pathways to the profession which may assist in alleviating the shortage of professional accountants (Quarshie, 2010). Further, when the exclusion of the other associations is combined with the tacit exclusion from the profession of Black South Africans, on the basis of property ownership and education, SAICA may be compounding the shortage of accounting professional (World Bank, 2003). To establish the students' from different demographic groups choice of professional accounting association with which to undertake work place training and the attributes of the association that were

most influential in the students' choice of association, a self-report questionnaire, designed by Inglis et al. (2011), and subsequently used by Sidaway et al. (2013), was distributed to undergraduate students studying accounting. This exploration is timely to the accounting profession in South Africa given the emergence of competing associations (SAIPA and ACCA) and diminished legislated support by the state for SAICA. Associations targeting greater market share need to understand, in developing their recruitment strategies, the attributes influencing potential members' decision to join an association or not.

1.4.3 A professional association's management of the state's impression of the racial transformation of the profession (Paper 3)

Despite the ideological challenge of including Blacks South Africans, who represent the majority of the population and a significant pool of untapped potential future accounting professionals, in the profession, racial transformation of the profession has not proceeded at a significant pace (Hammond et al., 2009). Consequently, SAICA stated in its annual report for 2002 that the state's perception of the profession, and the racial transformation thereof, were not satisfactory and that SAICA needs to change those perceptions to maintain legitimacy with the state as a necessary condition of professionalisation, that is to maintain its exclusionary closure of the market for professional accounting services in South Africa. Where entities seek to change stakeholder perceptions, accounting researchers have identified the use of voluntary disclosure as an important tool to influence stakeholders' impression of an entity (Adelberg, 1979; Neu, 1991; Neu, Warsame and Pedwell, 1998; Crowther, Carter and Cooper, 2006; Solomon et al., 2013). This study introduces to the literature, through the case of SAICA, the use of voluntary disclosure by a professional association, as an impression management tool to influence the state's perception of the association and in particular the associations attempts to redress the exclusion of Black South Africans.

1.5 Summary

This thesis, rooted in Murphy's (1988, 1988) interpretation of Weber's theory of social exclusion, investigates contemporary challenges faced by the accounting profession in South Africa pertaining to the critical shortage of professional accountants. In particular, this thesis considers matters relating to increasing the throughput of students to the profession (Paper 1), recruitment of new members by professional accounting associations (Paper 2) and the racial transformation of the profession (Paper 3). This thesis is submitted in the form of three research articles (Chapters 2 - 4), each with its own reference list. Thereafter the thesis is concluded.

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CHAPTER 2

EFFECTIVE SELECTION OF UNDERGRADUATES – THE SOUTH AFRICAN EXPERIENCE

2.1 Introduction

The South African Institute of Chartered Accountants (SAICA) is the '*foremost accountancy body in South Africa*' (SAICA, 2011) with a current membership in excess of 37 000¹² professional accountants (SAICA, 2014). As a result of SAICA's dominance of this labour market, SAICA acts on behalf of the state as the Education and Training Quality Assurer¹³ (ETQA) for the South African Chartered Accounting (CA) profession. In this capacity SAICA maintains control over entry to the profession and is able to exert significant influence over accounting education in South Africa (Van der Schyf, 2008; Venter and de Villiers, 2013). SAICA has delegated the responsibility for the teaching and learning of future CA's (SA) to accredited accounting education programmes (Illustration 2.1). Currently 15 universities offer these accredited programmes, which are subject to regular review and monitoring by SAICA (SAICA, 2012). Through this influence, SAICA has placed pressure on these accredited accounting education programmes to increase the number of students graduating, to address the perceived shortage of qualified accountants (SAICA, 2008; Venter and de Villiers, 2013). Additional pressure has also been exerted directly by the State on higher education in general to increase student outputs to address the skills shortages in the economy. Consequently, the level of state funding¹⁴ received by universities is now heavily dependent on student outputs (DHET, 2011).

¹² Other professional accounting bodies in South Africa include the South African Institute of Professional Accountants (SAIPA) (approximately 10 000 members (SAIPA, 2014)), and the Association of Chartered Certified Accountants (ACCA) (approximately 500 members (Ntshela, 2014)). The Chartered Institute of Management Accountants (CIMA) is also present in South Africa. CIMA's membership numbers are, however, not reported for confidentiality reasons.

¹³ An ETQA is a quality assurance body, acting on behalf of the state, whose purpose is the monitoring and auditing of achievements in terms of standards or qualifications within a specific economic sectors education and training. The functions of the ETQAs include: accreditation of providers of education and training; promote quality among providers of education and training; monitor provision by such providers; evaluate assessment, and the certification of candidates.

¹⁴ Higher education in South Africa is primarily State funded, supplemented by student fees and other private income (DOE, 2004).

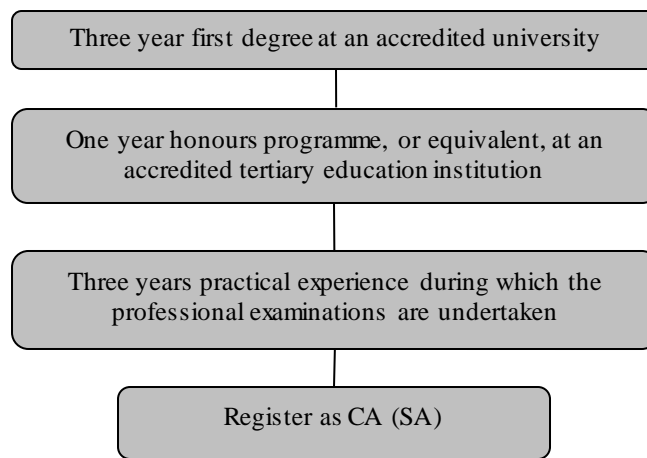


Illustration 2.1 Qualification route in public practice as a CA (SA) based on a full time academic programme

In addition to increasing the number graduates, SAICA and South African universities have the particular ideological challenge of increasing the number of Black graduates (Barac, 2015). However, Black South Africans, who represent the majority of the population and consequently a significant pool of potential future accounting professionals, are yet to qualify as professional accountants in significant numbers (Hammond et al., 2009). By the end of 2014, two decades after the demise of Apartheid and the end of race-based social exclusion, Black membership of SAICA had increased to only 9% (SAICA, 2014). A report by the World Bank in 2003 highlighted that this slow racial transformation of the profession was complicating the shortage of approximately 20,000 qualified professional accountants.

In response to the pressures to increase the number of graduates, accounting education programmes were initially able to increase the number of enrolments for first degrees¹⁵, which resulted in a corresponding increase in graduates from 1,588 in 1994 to 2,319 in 2001, and for honours programme⁴ graduates, from 621 in 1994 to 1,629 in 2001 (SAQA, 2007). Accounting education programmes were in the ‘fortunate’ position that the number of school leavers, particularly Black school leavers, qualifying for, and then seeking access to, higher education had increased markedly since the demise of Apartheid and the opening of university admission to all race groups (Nel and Kistner, 2009). Therefore, universities had a large pool of applicants, particularly from the Black populace, from which to select their undergraduates and fill the increased number of places.

¹⁵ The first degree programme is a three year degree targeted specifically at preparing accounting students for the honours programme. The honours programme covers a period of 12 months and is strictly based on the SAICA-syllabus as it is a pre-requisite for the first professional qualifying examination. The examination is set and administered by SAICA.

However, many students admitted to accounting education programmes may be inadequately prepared for university, despite meeting the current entrance requirements¹⁶ (FASSET, 2008). Through the capital and property acquisition ‘head start’ White South Africans had under Apartheid, they continue to have greater access to a higher quality secondary school education (Murphy, 1988; Coetzee *et al.*, 2014). In contrast, many Black students continue to receive an inferior primary and secondary school education in the previously disadvantaged Black schools¹⁷, that fail to prepare them adequately for higher education. (Sartorius and Sartorius, 2013, Coetzee *et al.*, 2014). However, many of these inadequately prepared students qualify for admission to university through the restructuring of secondary school curricula and assessment in the late 1990’s, by the post-Apartheid government (Yeld and Hendry, 2002, Yeld, 2005; Foxcroft and Stumpf, 2005; Jansen, 2009; SAIRR, 2009). This has led to great uncertainty as to the standard of the final school assessment and whether the results thereof are reliable predictors for academic success at university. Consequently, while student enrolments have increased, graduate numbers have not increased proportionally. The Department of Higher Education and Training¹⁸, whilst not providing formal statistics, has indicated, based on university student data available to it, that the annual growth in graduates from all programmes, including accounting education, has slowed significantly since 2001 despite increasing student admissions to university (SAQA, 2007). Consistent statistical evidence is difficult to come by, but it has been reported that 55% to 70% of students registered for accounting first degrees and 45% to 55% of students registered for accounting honours programmes fail to successfully complete these programmes (FASSET, 2008).

Increasing the number of students, many of whom may be inadequately prepared by their school education, poses several challenges to accounting education programmes. These challenges include: difficulty for faculty to identify the learning strengths and weaknesses of individual students (Bartlett *et al.*, 1993) from a diversity of backgrounds; the presence of inadequately prepared students inhibiting the learning experience of the more competent students (Eckel and Johnson, 1983); and the loss of State funding due to less than optimal student output (DHET, 2011).

¹⁶ The entrance requirements to each specific degree programme are determined institutionally and reviewed annually (HESA 2013).

¹⁷ These schools are characterized by a continued shortage of teachers¹⁷, poorly trained teachers, overcrowded classrooms, a perpetual lack of funding¹⁷, lack of support programmes, weak parent-teacher bodies and little community support, that continue to collectively limit the educational opportunities in these schools (Van der Berg, 2007; Hammond *et al.*, 2009; Jansen, 2011; Lam, Ardington and Leibbrandt, 2011).

¹⁸ The Department of Higher Education is responsible for the development of an effective higher education system in South Africa and to manage the South African government’s responsibilities for the regulation of higher education systems in South Africa (DHET 2013).

Failure to complete a programme also has a number of consequences for the affected students in terms of their permanent academic record; future employment opportunities; motivation to continue in university; personal financial cost; and emotional wellbeing (Gracia and Jenkins, 2003; Wimshurst and Allard, 2008; Haynes Stewart et al., 2011). Therefore, accounting education programmes should, rather than accepting that attrition will occur, focus on maximising the output of existing student intakes and minimising student attrition, ensuring that those students that do enrol progress to completion.

This study aims to develop models to predict whether, or not, students entering a professional accounting education first degree and honours programme will successfully complete these programmes. While students may exit the university with a first degree and seek employment as an accountant or related activity, the intention is rather that the student proceeds to the honours programme. Passing the honours programme is a prerequisite for admission to SAICA's professional examinations (Illustration 2.1) and a necessary step towards addressing the perceived shortage of qualified accountants in South Africa. Being able to filter out students who are unlikely to succeed at the application stage of these programmes should minimise the effect of the challenges to accounting education programmes and students highlighted above (Clark and Sweeney, 1985). Thus, in the development of the models, this paper focuses on variables available at the time of application and the development of the models is, therefore, limited to variables available on the university application form. While it is important that the developed models identify students with the best latent potential to complete these programmes, the social exclusions in South African society and the ideological challenge of redressing past inequalities and exclusions cannot be ignored in the decision to admit a student or not. The models accordingly must be interpreted against this background of social closure and the ideological challenge of the racial transformation of all aspects of South African society.

The following section of the paper provides a brief background on the accounting classroom in South Africa and the theoretical framing of the study. Thereafter the pertinent literature is considered, after which the methods utilised in the study are discussed. The results are then presented and evaluated before concluding the paper.

2.2 Background and theoretical framing

Two decades since the end of Apartheid, one of the most effective social closure apparatuses in history, the legacy thereof continues to shape South African society and its accounting profession

(Hammond et al., 2009). Apartheid was given effect primarily through social closure based on property ownership (class) and race. Flowing from these primary modes were secondary forms of social closure achieved through education and language (Hammond et al., 2009).

This study is rooted in the context of the social closure evident in South African society, particularly the lingering effects of Apartheid. An understanding of this social closure may be informed by Max Weber's theory of social closure (Weber 1946). Social closure theory represents Weber's general framework for understanding the various forms of exclusion and social stratification evident in society (Larson, 1977; Larkin, 1983). These forms of exclusion may be formal or informal rules and practices resulting in the exclusion of an individual or group on any basis including citizenship, education, ethnicity, gender, property, race or religion. Parkin (1979), a neo-Weberian theorist who continued the Weberian attempt to develop this general overarching model for the analysis of all forms of social closure, asserted that in a capitalist society, the two primary modes of exclusionary closure are property ownership and education. However, given that in capitalist societies the economic power held by the owners of property enables access to education in education and elite schools (Hammond, *et al.*, 2009; Coetzee, *et al.*, 2014), property ownership may be seen to be the primary mode of exclusionary closure (Murphy, 1984, 1988). Consequently, although Parkin (1979) asserted that dominated social groups are able to counter 'exclusionary' tactics through education, such countering by dominated groups appears problematic without associated gains in capital wealth (Murphy, 1988). The lingering effects of Apartheid in South Africa offer evidence thereof. Even though the collectivist criteria of race, for social exclusion in South Africa, may have been abandoned, this criterion continues to operate indirectly, as the Whites continue to be advantaged by capital and property accumulated through their head start in the market during Apartheid allowing them greater access to the quality of education necessary to qualify as a chartered accountant (Hammond, et al. 2009). While excluded for ultimately qualifying as a chartered accountant, these students with poorer quality education backgrounds are not excluded from entry into higher education on the basis of their academic performance in the state controlled final school leaving examination. Consequently, although the profession is not transforming at a significant rate, the accounting classroom in South Africa increasingly represents the complex diversity of the South African population (Coetzee, et al., 2014). The population groups are generally classified as Black, White, Coloured and Indian. These major groupings, however, have further important sub groupings. The Black population is divided into four major ethnic groups, namely Nguni, Sotho, Shangaan-Tsonga and Venda and numerous subgroups of which the Zulu and Xhosa (two subgroups of the Nguni) are the largest. The White population consists of those of Afrikaans (Dutch and Germanic) descent and those of British descent.

While race-based social exclusion was abolished with the demise of Apartheid, language as more tacit form of closure may linger (Hammond *et al.*, 2009). There are eleven official languages in South Africa. These languages are Afrikaans, English and nine African languages namely, Ndebele, Northern Sotho, Sotho, Swazi, Tsonga, Tswana, Venda, Xhosa and Zulu. South African school children may grow up in a home speaking any one or more of these languages. The language that dominates their home environment is referred to as their *home language*. However, at school these students may not necessarily receive instruction in their home language. As result of the legacy of Apartheid, English or Afrikaans, traditionally spoken by the White populace, dominates as the *instruction language* at secondary school. Similarly, the university from which the sample for this paper was drawn has a dual medium language policy. The SAICA professional examinations may also be written in either English or Afrikaans. Lectures, textbooks, and other study material are generally available in both English and Afrikaans. However, most of the students' primary study material (for e.g. *International Financial Reporting Standards*) is only available in English, consequently some Afrikaans home language students are electing to receive instruction in English (Coetzee and Schmulian, 2013; Coetzee et al., 2014; Janse van Rensburg et al., 2014). African language instruction and supporting study material are rarely available, particularly at university level.

In addition to *home language* and *instruction language*, students may study a language as a school subject. For White students, this is often their home and instruction language. Students are however also able to elect an African language as a specific subject of study. Black students may therefore speak an African language at home, receive general instruction at school in English and study an African language as a school subject. The study of a language at secondary school can be at first or second language level. *First language* represents an in depth study of a particular language, its literature and linguistic rules etc. In contrast second language study is presented at a lower level and encourages fluency of speech and the ability to communicate functionally. Many Black South African students enter the higher education landscape, in which the language of instruction is either English or Afrikaans, having spoken an African *home language* and / or having studied an African language as *first language* at secondary school (Coetzee, Schmulian and Kotze, 2014).

2.3 Literature review

University selection decisions should rest on psychometric differences between individuals that can be measured with reasonable accuracy (Robertson, 1984). To be effective, the underlying criterion

must be reliable in providing a consistent account across individuals (Cook, 1998) and must be valid as an indicator of future academic success. Furthermore, the data must allow statistical analysis (Harvey-Cook, 1995; Gammie, 2000) so as to avoid intuitive, haphazard, unsystematic analysis thereof (Guion, 1992; Harvey-Cook, 1995). Despite the possibility that data other than prior academic performance may meet these criteria, university selection in South Africa is based primarily on prior academic performance.

Previous academic studies have suggested that a significant positive relationship appears to exist between prior academic performance, generally measured in terms of Grade Point Average (GPA) or equivalent secondary school scores, and subsequent academic success, particularly at the first year level (Clark and Sweeney, 1985; Ingram and Petersen, 1987; Eskew and Faley, 1988; Doran and Bouillon, 1991; Gist et al., 1996; Murtaugh et al., 1999; Duff, 2004; French et al., 2005; Graunke and Woosley, 2005; Johnson, 2008; Scott et al., 2008; Grace and Black, 2011). Bartlett et al. (1993), however, found little relationship between prior academic performance at secondary school and initial academic success at university. Furthermore, the explanatory power of school academic performance appears to diminish in later years of a degree programme (Bartlett et al., 1993; Gammie et al., 2003^a). Although, Koh and Koh (1999) suggested a significant association between prior academic performance at secondary school and academic success through out a degree programme.

In addition to prior academic performance, the predictive value of other biographical data (biodata) in predicting a student's academic success is increasingly acknowledged (England, 1971; Mael, 1991; Nickles, 1994; Clifton et al., 1999; Breaugh, 2012). Accounting education researchers have considered student biodata variables that may be indicative of accounting students' academic success at various stages of accounting degrees from first year (Eskew and Faley, 1988; Gul and Fong, 1993; Rankin et al., 2003; Duff 2004; Byrne and Flood 2008) to final year (Gammie et al., 2003^a; Natoli et al., 2013.) and professional examination level (Titard and Russell, 1989; Harvey-Cook, 1995; Gammie, 1999; Kapoor and Islam, 2005; Roos, 2009). These variables include: the prior study of accounting (Baldwin and Howe, 1982; Eskew and Faley, 1988; Doran and Bouillon, 1991; Gul and Fong, 1993; Loveday, 1993; Rohde and Kavanagh, 1996; Gammie et al., 2003^a); age (Bartlett et al., 1993; Koh and Koh, 1999; Murtaugh et al., 1999; Yorke, 2000; Lane and Porch, 2002; Scott, 2005; Long et al., 2006); gender (Jackling and Anderson, 1998; Gammie et al., 2003^b; De Lange and Mavondo, 2004; Long et al., 2006), language (Gul and Fong, 1993; Gammie et al., 2003^a) and work experience (Jackling and Anderson, 1998; Koh and Koh, 1999; Hartnett et al., 2004). There is, however, little consensus across the literature on consistent predictors. Furthermore, while the literature provides indicators of variables that have been shown to have predictive value in a

particular setting, the findings of much of this literature cannot be generalised, as such biodata ‘does not travel well’ (Gammie et al., 2003^a). The literature is, nonetheless, valuable in providing guidance in the development of additional predictive models in alternative settings.

Despite the extensive body of literature available in this area, little research exists which develops a predictive model of final degree classification (pass or fail) based solely on variables available at admission to a degree programme. Many studies consider predictors of academic success at each stage of the degree programme and include academic performance and other variables from the immediately preceding year in the analysis (Doran and Bouillon, 1991; Koh and Koh, 1999; Gracia and Jenkins, 2003; Hartnett et al., 2004; Tickell and Smyrniotis, 2005; Jia and Maloney, 2014). Alternatively, some studies have included variables available at the time of admission to university, such as school grades, supplemented by other information that becomes available as the student progresses through university, as a means to predict professional examination success (Harvey-Cook, 1995; Gammie, 1999). Further, these studies (Harvey-Cook, 1995; Gammie, 1999) concluded that more recent variables supersede earlier evidence in its predictive ability. However, variables that become available as the student progresses through a degree programme are not available at the time the decision is made to admit, or not, a student to that degree programme. Accordingly, a model predicting student success at the admission stage is required to allow systematic selection of students.

2.4 Method

A biodata approach was used to develop models to predict whether, or not, a student will complete the professional accounting undergraduate first degree and honours accounting programmes. Employing a case study approach, these models focused on recent graduates from a first degree and honours programme at a SAICA accredited university¹⁹. Whilst the development of biodata models may follow an empirical or rational approach (Gunter et al., 1993, Breaugh, 2012), this paper adopted an empirical approach to develop predictor models of performance. The empirical development of a model is based purely on statistical evidence of a relationship between the predictor item and the criterion measure, without regard to the rationale underlying this relationship (Breaugh, 2012). In contrast, the rational approach relies upon the assumption that there are clusters of behaviour that can be subsumed under different categories where the relationship makes sense (ibid). These clusters of behaviour are selected on a *a priori* basis to measure constructs thought to be related to the criterion of

¹⁹ The institution’s name has been withheld for confidentiality purposes. The institution, however, faces the challenge of significant student attrition, in line with the national averages reported above.

interest (ibid). Once significant relationships are identified, they can be interpreted and understood (Gammie et al., 2003^a). While the empirical approach has been criticised for potentially incorporating predictor variables for which there may be no rational reason, researchers have advocated the empirical approach as the most effective predictor of a particular measure of performance (Mitchell and Klimoski, 1982; Mumford and Owens, 1987; Drakeley, 1989; Harvey-Cook, 1995; Gammie, 1999; Gammie, 2000; Gammie et al., 2003^a).

Given that one of the main criticisms of biodata is the lack of generalizability for a particular biodata model (Gunter et al., 1993; Stokes, Mumford and Owens, 1994; Gammie, 2000), separate models were developed for each language group to accommodate for background factors that may differentiate these two groups (Coetzee et al., 2014, Janse van Rensburg et al., 2014).

Variable	Coding
Completion status outcome variable	
First degree programme completed*	1. Yes; 0. No
Honours programme completed*	1. Yes; 0. No
Exploratory independent variables	
Age at admission	Actual age of student at entry to the first degree programme
Gender	1. Male; 2. Female
Afrikaans home language	1. Yes; 0. No
English home language	1. Yes; 0. No
Black population group	1. Yes; 0. No
White population group	1. Yes; 0. No
Public final schoolleaving examination	1. Yes; 0. No
Private final schoolleaving examination	1. Yes; 0. No
Performance in final schoolyear subjects #	Actual percentage per subject in the final school year
Average percentage of the final school year subjects	Average of actual percentage per subject in the final schoolyear
Resists at first year level on the first degree programme	1. Yes; 0. No
Resists at second year level on the first degree programme	1. Yes; 0. No
Resists at third year level on the first degree programme	1. Yes; 0. No

* Outcome variable

Accounting, Additional mathematics, Afrikaans 1st and 2nd language, Arabic, Art, Biology, Biblical studies, Business economics, Commercial mathematics, Computer studies, Computyping, Domestic science, Economics, English 1st and 2nd language, French, Geography, German, History, Hotel keeping, IsisZulu 1st language, Mathematics, Mercantile law, Music, Music performance, Physical science, Physiology, Setswana 1st language, Sepedi 1st language, Technical drawing and Travel and tourism.

Table 2.1 Criterion measures and exploratory variables

An anonymised Microsoft Excel spreadsheet containing the data captured from the students' admission form for 2005 and 2006 was obtained from the university's Bureau for Institutional Research and Planning. Each Excel row contained data for each individual student, with columns reflecting the outcome variable (degree completed or not) and the exploratory independent variables appropriately coded for statistical analysis. The exploratory independent variables²⁰ consisted of age at admission, gender, home language, population group, private or public school leaving examination and 32²¹ final school year subjects and the percentages obtained in these subjects (Table 2.1). The variables are confined to those on the student registration forms that exist at the time of registration for the first degree and are then supplemented for the honours programme by variables indicating if a student experienced resists (or failure) at the first, second or third year of the first degree programme. Data usage restrictions enforced by the targeted university precluded the evaluation of specific grades per subject or module attained by the students in the first degree. The Excel data was imported into SPSS and subjected to routine data cleaning techniques (a random check of 10% of row entries and frequency checks on all variables to determine that each variable's values are in a valid range).

Initially each of the exploratory independent variables for the developmental sample (student cohort who commenced their studies in 2005), listed in Table 2.1, were evaluated for association²² against the two completion status outcome variables for the first degree and honours programme. This analysis allowed the identification of exploratory independent variables that differentiate between the outcome variables of pass or fail of the first degree (Table 2.3) and honours programme (Table 2.4). Potential multicollinearity between the differentiating variables was assessed by estimation of the Spearman correlation coefficients. In the event of pairwise correlations greater than 0.7 between two independent variables, the independent correlated variable having the highest correlation with the dependent variable was retained for further analysis (Dormann et al., 2013). The remaining differentiating variables were then included in the binary logistic regression, applying forward

²⁰ While race and gender are included as predictor variables, it is acknowledged that university admission may not discriminate on the grounds of these biodata items.

²¹ South African secondary school students have an extensive choice of subjects for which secondary school examinations are available. Across the student cohorts a range of 79 unique secondary school subjects were recorded. Of these, 25 represented a language either as first, second or third language. South Africa has 11 official languages. All of the students (n=602) had mathematics. In contrast, several instances (n=17) were recorded of a subject for which only one student had a mark. Examples of these include woodwork, piano grade 8, dance and hospitality studies. Only subjects for which at least 10 students had a recorded mark were included for further analysis (Peduzzi et al., 1996; Field, 2013). Consequently, 32 subjects remained for analysis.

²² The dichotomous variables were subjected to a Chi-square Analysis (Field 2013). The admission age variable and the students' performance in their final school year subjects, being interval scale, were subjected to non-parametric Mann-Whitney tests (ibid).

stepwise selection to identify the predictor variables that maximise the strength of each of the models' explanatory power (Field, 2013) (Table 2.5 and 2.6). A final analysis of any remaining multicollinearity was then assessed for the variables included in the models through estimating the tolerance statistic and Variance Inflation Factor (VIF) for each model (Field 2013).

Regardless of the overall prediction classification of the developed models, the ability of the estimated models to correctly predict beyond the developmental sample is the real test of the validity of the estimated models (Gammie et al., 2003^a). Where the estimated model is not extended to a holdout sample, any results are purely exploratory as opposed to predictive (ibid). The estimated formulations were, therefore, applied to the holdout sample – being the student's who commenced their studies in 2006 – to test the ability of the estimated model to predict beyond the developmental sample.

2.5 Results

2.5.1 Demographics

The demographic profile for both the developmental sample and the holdout sample are presented in Table 2.2. There are a similar number of male and female students in the target population. Of the developmental sample, 47% of the students were male and of the holdout sample, 53% of the students were male. The developmental sample comprised of 154 students receiving instruction in Afrikaans and 147 students receiving instruction in English. The holdout sample comprised of 142 students who received instruction in Afrikaans and 177 students who received instruction in English. In respect of the developmental sample, 2.5% (n=4) of the Afrikaans home language students opted for English lectures instead of their home language. In the holdout sample this percentage increased to 6.6% (n=10). Despite Black South Africans representing more than 90% of the population, the Afrikaans class for both samples includes only White students. The English class for the developmental sample included 50 Black students (34%) and the hold out sample, 62 Black students (35%). These Black students primarily speak an African language at home. The lingering effects of Apartheid and the tacit exclusion of the Black majority from higher education is evident in the demographic profile of the students. Completion status for the first degree and honours programmes was available at the end of 2010. The throughput rates of the students who registered for the first degree of the developmental and holdout sample respectively are 85.1% and 88.0% for the Afrikaans class and 82.3% and 80.8% for the English class. While these throughput rates are acceptable, the poor honours throughput rates to the professional examinations are of concern. The throughput rate of the developmental sample and

holdout sample respectively decreases to 43.5% and 47.9% for the Afrikaans class and 41.5% and 34.4% for the English class following the honours programme. An Analysis of Variance (ANOVA) revealed no statistical difference between the completion rates of the Afrikaans and English classes for first degree ($p=0.52$) and the honours programme ($p=0.73$) for the developmental sample. Statistically significant differences in the holdout sample are however evident between the completion rates of the Afrikaans and English classes for first degree ($p=0.09$) and honours programme ($p=0.01$) with the Afrikaans students achieving the higher pass (or completion) rate. These differential completion rates may possibly be accounted for by the fact the Afrikaans students are a homogenous group representing White, Afrikaans-speaking students from previously advantaged White-only schools receiving instruction in their home language without the difficulties of translations (Hammond et al., 2009; Coetzee et al., 2014).

2.5.2 First degree differentiating variables

The initial analysis identified independent variables that differentiated between those students in the Afrikaans and English classes that completed the first degree and those who did not. Four differentiating variables for the Afrikaans class and seven for the English class of the first degree were identified (Table 2.3).

Performance in the school subjects of accounting, English first language, mathematics and physical science as well as the average percentage of the final school year subjects, the population group variable White and English home language differentiated for the English class. Although this is an English class, students attending this class speak a variety of home languages. The Black students in particular speak several different African languages at home (Table 2.2) and in many instances have studied an African language as first language at secondary school rather than English first language. As the students' primary study material is generally only available in English, a mastery of English as home language and/or first language at school is important in reading these documents to decode and access the content thereof (Coetzee and Schmulian, 2013; Janse van Rensburg et al., 2014). The identification of English first language as a differentiating variable suggests that language remains a tacit form of social exclusion of Blacks in South African society.

The Spearman correlation coefficients for the English class suggested that mathematics is highly correlated with physical science ($r=0.740$) and the average percentage of the final school year subjects is highly correlated with mathematics ($r=0.747$), accounting ($r=0.782$) and English first language ($r=0.701$). The average percentage of the final school year subjects was retained for further

analysis as the more highly correlated independent variable with the dependent variable. Further, to avoid overt racial discrimination, the differentiating variable pertaining to race was omitted from further analysis from the English first degree class. Consequently, English home language and average percentage of the final school year subjects remained as differentiating variables for the English class of the first degree.

	Developmental sample		Holdout sample	
	(2005)		(2006)	
	Afrikaans Class	English Class	Afrikaans Class	English Class
	<i>n</i>	<i>n</i>	<i>n</i>	<i>n</i>
Total population	154	147	142	177
Outcome variables:				
First degree completed	131	121	125	143
Honours programme completed	67	61	68	61
Independent variables:				
<i>Gender:</i>				
Female	80	79	58	91
Male	74	68	84	86
<i>Home language:</i>				
Afrikaans	154	4	142	10
English	-	94	-	107
African	-	49	-	60
<i>Population group:</i>				
Black	-	50	-	62
White	153	68	141	87
Asian, Indian or Mixed race	1	29	1	28
<i>School leaving examination:</i>				
Public	150	124	142	136
Private	4	23	-	41

Table 2.2 Sample demographics

Performance in the school subjects of accounting, mathematics and physical science as well as the average percentage of the final school year subjects differentiated for the Afrikaans class. Accounting and mathematics have previously been identified as potentially differentiating variables (Gammie et al., 2003^a). The Spearman correlation coefficients for the Afrikaans class suggested that mathematics

and physical science ($r=0.750$) and mathematics and the average percentage of the final school year subjects ($r=0.785$) were highly correlated. Mathematics was retained for further analysis as this was the more highly correlated independent variable with the dependent variable in both cases. Consequently, two differentiating variables for the Afrikaans class of the first degree remained, namely accounting and mathematics.

Exploratory variable	Afrikaans class			English class		
	n	Test statistic	Significance level	n	Test statistic	Significance level
English home language ^a				94	11.435	**
White ^a				68	4.451	*
Performance in:						
Accounting	129	703.500	**	105	781.500	**
English 1 st language				101	502.500	**
Mathematics	130	683.000	**	113	977.500	**
Physical science	107	389.500	**	135	456.500	**
Average percentage of the final school year subjects	130	736.000	**	138	685.500	**

** significance at 1%, * significance at 5%

^aDichotomous variables and hence Chi-square calculated rather than Mann-Whitney score.

Table 2.3 First degree significant test statistic scores

2.5.3 Honours programme differentiating variables

For the honours programme, 8 differentiating variables were identified for the Afrikaans class and 11 differentiating variables for the English class (Table 2.4). Performance in the school subjects of accounting, mathematics and physical science and the average percentage of the final year school subjects again differentiated for both the Afrikaans and English classes between those students completing the programme or not. In addition, performance in Afrikaans first language differentiated between the students in the Afrikaans class, while performance in English first language differentiated between the students in the English class.

The differential effect of performance in a language as a school subject may be symptomatic of the increased theoretical component of the honours programme, in comparison with the first degree, requiring greater language proficiency (Coetzee and Schmulian, 2013). Consequently, discussion questions pertaining to the increase theory component are more common and longer than for the first

degree. Honours degree students are, for example, required to extensively discuss accounting and auditing choices, implications and application. These questions may be answered in either English or Afrikaans. Again the potential for tacit social exclusion of African speaking Black students is apparent.

Resists at each stage of the first degree programme represent further differentiating variables for both the Afrikaans and English classes of the honours programme. This finding is consistent with the literature that suggests that academic performance at secondary school may be superseded as a differentiating variable by subsequent performance at university (Dockweiler and Willis, 1984; Sandlin and Reeves, 1993; Bartlett et al., 1993; Gammie, 1999; Gammie et al., 2003^a). The data usage restrictions enforced by the targeted university precluding the evaluation of specific grades per subject or module attained by the students in the first degree, is therefore likely to offer valuable avenues for future exploration – data usage restrictions permitting.

Exploratory variable	Afrikaans class			English class		
	n	Test statistic	Significance level	n	Test statistic	Significance level
1 st year resist ^a	30	57.377	**	41	28.741	**
2 nd year resist ^a	44	19.314	**	37	24.802	**
3 rd year resist ^a	27	45.260	**	28	38.889	**
English home language				94	11.435	**
White ^a				68	16.091	**
Black ^a				50	5.028	*
Performance in:						
Accounting	66	1707.000	**	51	1216.000	**
Afrikaans 1 st language	57	1457.500	**			
English 1 st language				53	806.500	**
Mathematics	67	1887.000	**	57	1498.000	**
Physical science	53	958.000	**	49	802.000	**
Average percentage of the final schoolyear subjects	67	1309.500	**	57	982.000	**

** significance at 1%, * significance at 5%

^aDichotomous variables and hence Chi-square calculated rather than Mann-Whitney score.

Table 2.4 Honours significant test statistic scores

For further analysis, performance in the school subjects of accounting ($r=0.743$ (Afrikaans); $r=0.782$ (English)), Afrikaans ($r=0.748$) or English ($r=0.701$) first language, mathematics ($r=0.785$ (Afrikaans); $r=0.747$ (English)) and physical science ($r=0.840$ (Afrikaans); $r=0.840$ (English)) were omitted due to correlation with the average percentage of the final school year subjects. The population group variables were again omitted to avoid overt racial discrimination in the model development. Consequently, four differentiating variables remained for the Afrikaans class (1st, 2nd and 3rd year resists and the average percentage of the final school year subjects) and five for the English class (1st, 2nd and 3rd year resists, English home language and the average percentage of the final school year subjects) of the honours programme. Unlike some previous studies, which have highlighted gender (Gammie et al., 2003^b; De Lange and Mavondo, 2004), age (Yorke, 2000; Lane and Porch, 2002; Scott, 2005; Long et al., 2006) and private education (Harvey-Cook, 1995) as differentiating variables, these variables were not differentiating for the student cohort considered.

2.5.4 Developmental sample

The remaining differentiating variables identified, were entered into the binary logistic regression using a forward step-wise approach. The resulting formulation can be found in Tables 2.5 and 2.6. The tolerance statistic and VIF statistic reported for these variables are sufficiently low to preclude the existence of multicollinearity problems.

The overall prediction classification of the estimated models for the first degree amounted to 88.0% (model chi-square (x^2) = 18.59, $p<0.01$) for the Afrikaans class and 86.7% (model chi-square (x^2) = 17.18, $p<0.01$) for the English class. These prediction classifications compared favourably with similar studies in the United Kingdom (Harvey-Cook, 1995; Gammie, 1999; Gammie et al., 2003^a). There was only one predictor variable in each estimated model for the first degree namely, a student's performance in accounting for the Afrikaans group and the average percentage of the final school year subjects for the English group.

Afrikaans class	95% CI for Odds Ratio						
	B(SE)	Wald	Lower	Odds Ratio	Upper	Tolerance	VIF
Included							
Constant	-5.70 (1.81) **	9.881					
Accounting	0.09 (0.02) **	16.420	1.05	1.10	1.14	1.00	1.00

Note: $R^2 = 0.93$ (Hosmer and Lemeshow), 0.12 (Cox and Snell), 0.21 (Nagelkerke).
Model $\chi^2(1) = 18.59$, $p < 0.01$
 ** $p < 0.01$
 Overall prediction classification 88.0%
 Independent variable: First degree completion

English class	95% CI for Odds Ratio						
	B(SE)	Wald	Lower	Odds Ratio	Upper	Tolerance	VIF
Included							
Constant	-10.07 (3.16) **	10.127					
Average percentage of the final school year subjects	0.16 (0.05) **	12.958	1.08	1.18	1.28	1.00	1.00

Note: $R^2 = 0.03$ (Hosmer and Lemeshow), 0.13 (Cox and Snell), 0.23 (Nagelkerke).
Model $\chi^2(1) = 17.18$, $p < 0.01$
 ** $p < 0.01$, * $p < 0.05$
 Overall prediction classification 86.7%
 Independent variable: First degree completion

Table 2.5 First degree logistic regression: Developmental sample

The overall prediction classification of the estimated models for the honours programme is 75.9% (model chi-square (χ^2) = 27.01, $p < 0.01$) for the Afrikaans class and 70.0% (model chi-square (χ^2) = 42.21, $p < 0.01$) for the English class. In both instances a student's average percentage of the final school year subjects emerged as a predictor variable in the estimated models. In addition, resists experienced by a student during the second and third year of the first degree was identified as predictor variables for the Afrikaans class. Resists experienced by a student during the third year of the first degree was identified as an additional predictor variable for the English class of the honours programme.

Afrikaans class	B(SE)	Wald	95% CI for Odds Ratio			Tolerance	VIF
			Lower	Odds Ratio	Upper		
Included							
Constant	-10.14 (3.13) **	10.479					
Average percentage of the final schoolyear subjects	0.09 (0.04) *	4.961	1.01	1.10	1.18	0.66	1.51
2 nd year resists	1.28 (0.67) *	3.735	0.98	3.61	13.26	0.57	1.75
3 rd year resist	2.25 (1.11) *	4.095	1.08	9.47	83.49	0.56	1.79

Note: $R^2 = 0.25$ (Hosmer and Lemeshow), 0.31 (Cox and Snell), 0.41 (Nagelkerke).
Model $\chi^2(3) = 42.21$, $p < 0.01$
 ** $p < 0.01$
 * $p < 0.05$
 Overall prediction classification 75.9%
 Independent variable: Honours programme completion

English class	B(SE)	Wald	95% CI for Odds Ratio			Tolerance	VIF
			Lower	Odds Ratio	Upper		
Included							
Constant	-8.13 (2.82)	8.318					
Average percentage of the final schoolyear subjects	0.11 (0.04) **	9.165	1.04	1.18	1.20	0.83	1.21
3 rd year resist	-1.69 (0.70)	5.864	0.05	0.19	0.73	0.83	1.21

Note: $R^2 = 0.48$ (Hosmer and Lemeshow), 0.23 (Cox and Snell), 0.31 (Nagelkerke). *Model* $\chi^2(2) = 27.01$, $p < 0.01$
 ** $p < 0.01$
 Overall prediction classification 70.0%
 Independent variable: Honours programme completion

Table 2.6 Honours programme logistic regression: Developmental sample

	First degree			Honours programme		
	Fail	Pass	Correct	Fail	Pass	Correct
	<i>n</i>	<i>n</i>	<i>n (%)</i>	<i>n</i>	<i>n</i>	<i>n (%)</i>
<i>Developmental sample</i>						
<i>Afrikaans class</i>						
Fail	5	16	21 (23.8%)	38	21	59 (64.4%)
Pass	2	127	129 (98.4%)	7	50	57 (87.7%)
Overall	7	143	150 (88.0%)	45	71	116 (75.9%)
<i>English class</i>						
Fail	4	16	20 (20.0%)	33	18	51 (64.7%)
Pass	0	100	100 (100%)	13	39	52 (75.0%)
Overall	4	116	120 (86.7%)	46	57	112 (70.0%)
<i>Holdout sample</i>						
<i>Afrikaans class</i>						
Fail	0	16	16 (0.0%)	35	20	55 (63.6%)
Pass	1	122	123 (99.2%)	23	45	68 (66.2%)
Overall	1	138	139 (99.3%)	58	65	123 (65.0%)
<i>English class</i>						
Fail	5	28	33 (15.2%)	46	34	80 (57.5%)
Pass	5	135	140 (96.4%)	10	50	60 (83.3%)
Overall	10	163	173 (80.9%)	56	84	140 (68.6%)

Table 2.7 Classification table

	First degree		Honours programme	
	<i>r^t</i>	SE	<i>r^t</i>	SE
<i>Developmental sample</i>				
Afrikaans	0.72	0.14	0.76	0.08
English	0.78	0.16	0.59	0.12
<i>Holdout sample</i>				
Afrikaans	0.43	0.41	0.45	0.12
English	0.44	0.17	0.63	0.10

Table 2.8 Tetrachoric correlation coefficients

2.5.5 Holdout sample

The application of the estimated models to the holdout sample for the first degree provided support for the validity of these models, with little shrinkage in the overall prediction classification evident (Table 2.7). The overall prediction classification of the estimated models applied to the holdout sample for the first degree is 99.3% for the Afrikaans class and 80.9% for the English class. While little shrinkage is evident for the English honours programme (68.6%), greater shrinkage is evident for the Afrikaans honours class (65.0%). As final evaluation of the models' validity, the tetrachoric correlation coefficient (r^t) was calculated for each model (Table 2.8). Tetrachoric correlation is a special case of the polychoric correlation, applicable when the observed variables are dichotomous and provides an estimation of a models' fit (Neale et al., 2002). The r^t reported for the developmental sample ranged from 0.43 to 0.78 with some shrinkage reported for the holdout sample, which ranged from 0.45 to 0.76. These findings suggest that the model may have some practical utility for future years within the degrees, particularly for the first degree. Further analysis in future of performance by specific subject through the first degree program may strengthen the classification for the honours programme.

2.6 Discussion

Accounting education programmes in South Africa are under pressure to increase the number of accounting graduates and black accounting graduates in particular. Ensuring that those students that are admitted to these programmes successfully complete them will assist in increasing the number of graduates. It is, therefore, important that those students that are admitted have the best latent potential to complete the degree, while considering the social exclusion evident in South African society. To this end, university selection decisions at the time of admission are vital. This paper aimed to develop models to support the university in its selection decision by predicting which applicants have a higher probability of completing the first degree and honours programmes.

Three of the four models developed included the average percentage of the students' final school year subjects as a predictor variable (Table 2.5 and 2.6). This result supports the existing literature that suggests a significant positive relationship between prior academic achievement, commonly measured as GPA, and subsequent academic success. The targeted university currently bases its admission decision almost exclusively on the students' average percentage for their final school year subjects. For the targeted student cohorts, the admission criterion was a minimum average of 60% for the students' final school year subjects. On the basis of this admission criteria in excess of 80% of the students admitted to the first degree successfully completed that degree (Table 2.2). However less

than 50% of those who are admitted to the first degree ultimately completed the honours programme successfully. Further analysis of this poor completion rate, suggests that less than 15% of the students admitted with an average percentage for their final school year subjects between 60% and 69%, successfully completed the honours programme (Table 2.9). Based on the evidence presented in this study, the minimum admission criteria may require reconsideration, particularly for the honours cohort.

Average percentage of final school year subjects	Afrikaans class %	English class %
Developmental sample		
60% - 69%	0	15
70% - 79%	28	39
80% - 89%	57	69
90% - 100%	100	100
Holdout sample		
60% - 69%	7	11
70% - 79%	38	25
80% - 89%	64	52
90% - 100%	100	100

Table 2.9 Percentage students successfully completing the Honours programme categorised by average percentage of final school year subjects.

Raising the admission requirement from 60% to 70% may, however, result in the exclusion of several Black students' as the majority of the English class students (50% for the developmental sample and 64% for the holdout sample) in the 60% - 69% category are Black (Table 2.10). Such exclusion may appear contrary to the ideological challenge of increasing the number of Black chartered accountants in South Africa (SAICA, 2013). However, few of these Black students in this category (60% - 69%) pass the honours programme (5% for the developmental sample and 7% for the holdout sample). Therefore, while excluding these students may seem counter intuitive, elevating the admission criteria to 70% may allow the limited teaching and learning resources available in South African higher education to instead be focused on Black and White students in the 70%-79% and 80-89% categories, who demonstrate a greater latent potential to graduate. In so doing the completion rate of all of these students may be maximised, thereby increasing the numbers of Black and White students graduating and potentially entering the profession. Those students excluded from the Chartered Accounting education programme on the basis of increased admission criteria should however be appropriately

counselled as to alternative pathways to the profession that have less onerous education requirements, such as ACCA and SAIPA. The targeted university's admission criteria for the alternative pathways to the profession is a 50% average percentage for their final school year subjects.

Admission percentage:	Population (n)(%)				Percentage students who successfully complete the Honours programme			
	Black	White	Other	Total	Black	White	Other	Total
Developmental sample								
60-69	20 (50%)	13 (33%)	7 (17%)	40	5%	31%	14%	15%
70-79	22 (33%)	31 (47%)	13 (20%)	66	23%	58%	23%	39%
80-89	8 (21%)	22 (56%)	9 (23%)	39	63%	82%	44%	69%
90-100	-	2 (100%)	0 (%)	2	-	100%	-	100%
Total	50	68	29	147	22%	57%	24%	41%
Holdout sample								
60-69	29 (64%)	12 (27%)	4 (9%)	45	7%	25%	0%	11%
70-79	24 (32%)	37 (49%)	14 (19%)	75	38%	19%	21%	25%
80-89	9 (20%)	29 (66%)	6 (14%)	44	56%	48%	67%	52%
90-100	-	9 (69%)	4 (31%)	13	-	100%	100%	100%
Total	62 (35%)	87	28	177	26%	33%	39%	34%

Table 2.10 Percentage English class students successfully completing the Honours programme categorised by average percentage of final school year subjects and population group.

Further, the results of this study suggest that at admission to the honours programme, university administrators may need to show caution in admitting students who have a history of any resists at the undergraduate level. On average for both samples in total only 11% of students with any resist during the first degree, successfully complete the honours degree²³.

Based on the models developed, the admission of these high risk students, in terms of average percentage of their final school year subjects and resists during the first degree, may waste resources

²³ Number of students with first degree resists that successfully completed the honours programme:

- Developmental sample: Afrikaans class, 7 of 64 (11%); English class, 8 of 66 (12%).
- Holdout sample: Afrikaans class, 6 of 55 (11%); English class, 9 of 81 (11%).

and constrain the ability of the institution and faculty to focus their efforts and limited resources on those students who have the greatest chance of success.

Although not included in the final models, speaking English as home language or the study of English as first school language differentiated for the English class. Performance in English as a school subject did not differentiate for the Afrikaans class despite the fact that their primary source material (e.g. IFRS) is in English. These students however have access to textbooks, lectures and other study material in Afrikaans. Students studying in the English class with an African home language or first language do not have this additional support. Consequently, additional language interventions may be needed to assist Black students that are not able to study in their home or first language in overcoming this tacit social exclusion based on language.

2.7 Limitations

While the models may provide an indication of academic success or failure in a first degree or honours programme, actual success or failure may be dependent on human factors such as the student taking ultimate responsibility for his or her performance (Schmulian and Coetzee, 2011). Further qualitative research into this area may aid in addressing the 'human factor' (Guney, 2009). In addition, the target population of this study represents students who have been admitted to the first degree and honours programme based on existing pre-admission criteria. The development of the models was, therefore, constrained by these existing pre-admission criteria. The models were further constrained by the data privacy restrictions of the targeted university allowing only the number of resists per year during the first degree programme to be explored for the honours programme rather than performance in individual subjects and the marks attained during the first degree.

Further, the results of this study may not be transportable to another degree programme, particularly given the cultural and linguistic diversity of the student cohort. To date no generic model has been developed (Gunter et al., 1993 and Gammie et al., 2003^a). This study does however demonstrate the application of the process of developing biodata models, to support selection decisions in accounting education, in a dual medium university in a developing country and may provide guidance for others in a similar context.

Finally, while this study may contribute to the development of refined admission criteria, which may lesson the wastage of resources and damage associated with student failure, the models do not directly address the problem of a shortage of accountants in South Africa.

2.8 Conclusion

The purpose of this study was to develop models to predict whether, or not, students entering a professional accounting education first degree and honours programme at a particular South African university will successfully complete these programmes. The development of these models is grounded in the technique of biodata selection. Biodata selection techniques were initially employed in the human resource literature and aimed at predicting job performance. Education and accounting education researchers have extended this theory into an education context with the aim of predicting students' academic success. Although accounting education research in this respect has been conducted, particularly in the UK (Harvey-Cook, 1995; Gammie, 1999; Gammie et al., 2003^a), biodata results are not generalizable beyond the context of the specific study. The methods applied in the literature are, however, informative in developing estimated models in alternative settings. This paper extends the development of these models to an environment characterised by various social exclusions and accordingly the interpretation of the models is informed by Weber's theory of social exclusion. This paper therefore extends the current literature in developing estimated models to predict students' success in completing a first degree and honours programme, within the context of a dual medium university situated in a developing country characterised by various forms of social exclusion.

Predictor variables were identified for the Afrikaans class and the English class. The estimated models were then tested for validity against a holdout sample. Little shrinkage was reported in the model development. The models may, therefore, assist the university in the decision to admit a student or not. Further, the model may assist teachers and career guidance counsellors in appropriately counselling students in their career decisions. Students may also employ the model to make more informed decisions in terms of their choice of first degree and honours programme. Future research may consider the inclusion of more detailed variables pertaining to the students' first degree performance in predicting the students' performance at the time of admission to the honours programme, institutional approval permitting. While estimated biodata models are not generalizable beyond the circumstances in which they were developed, the methodology applied paves the way for other researchers to conduct their own analysis and model development in developing countries with dual medium instruction.

The development of the models highlighted the lingering effect of Apartheid in the social exclusions still evident in South African Society and its chartered accounting profession. While Blacks are in the significant majority in society and are no longer excluded on the basis of their race, they are not as yet

proportionally represented in higher education accounting classrooms or graduate population. The development of the models further highlighted the continued tacit social exclusion of Black South Africans from successfully completing their accounting education in post-Apartheid South Africa on the basis of language. To maximise the throughput of Black South Africans through accounting education programmes to correct the imbalances in the South African accounting profession, this paper suggests the increase of admission criteria. In so doing limited resources available in South African higher education can be focused on those students demonstrating the greatest latent potential to graduate, while counselling those students excluded on alternative and less onerous pathways to the accounting profession.

This paper therefore demonstrates, through quantitative analysis, the difficulties faced by dominated social groups attempting to gain a university education to counter their social exclusion when that education is provided a language other than their home language. This paper, therefore, contributes to the social exclusion literature by highlighting the difficulties of Parkin's (1979) assertion that dominated social groups are able to counter 'exclusionary' tactics through education and supports similar findings of tacit exclusion in the South African accounting profession by Hammond et al. (2009). Although cases in other countries may not be as extreme, this South African case may be of interest to instructors and administrators in any environment characterized by a dominated social group suffering tacit exclusion from accounting education on the basis of their language.

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CHAPTER 3

SOUTH AFRICAN STUDENTS' CHOICE OF PROFESSIONAL ACCOUNTING ASSOCIATIONS – ARE THE ASSOCIATIONS 'COMBED WITH THE SAME COMB'?

3.1 Introduction

The South African Institute of Chartered Accountants (SAICA) has achieved significant exclusionary closure of the market for professional accounting and audit services in South Africa (Venter and De Villiers, 2013). This has resulted in an elevated status for CA's (SA) in South African society and significantly higher remuneration for CA's (SA) than other accounting professionals (SAICA, 2015). The market for professional accounting and audit services is characterised by a substantial shortage of accounting professionals as a result of increased demand in the expanding post-Apartheid economy. In 2008, SAICA-sponsored research estimated 22 000 accounting and finance vacancies, across all skill levels and sectors in South Africa (SAICA, 2008). While, Manpower's *2015 Talent Shortage Survey*²⁴ suggests that the skill shortage remains a challenge, reporting that accounting and finance positions are the fourth most difficult positions for South African employers to fill.

A report by the World Bank in 2003 commented that the shortage of qualified professional accountant's may be complicated by the fact that members of the Black community, who represent 90% of the South African population, are yet to enter the profession in significant numbers. While collective exclusionary closure based on race was formally abandoned in South Africa in 1994, tacit exclusion from SAICA on the basis of education and credentials remains (Hammond et al., 2009). Through the capital and property acquisition 'head start' White South Africans had under Apartheid, they continue to have greater access to the quality of education necessary to qualify as a professional accountant with SAICA (Murphy, 1988; Coetzee *et al.*, 2014). In contrast, many Black students continue to receive an inferior primary and secondary school education in the previously disadvantaged Black schools²⁵, that fails to prepare them adequately for the onerous education requirements imposed on university accounting education by the dominant association, SAICA. (Sartorius and Sartorius, 2013, Coetzee *et al.*, 2014). Therefore, although Parkin (1979) asserted that

²⁴ This survey investigates shortages across several professions through surveying nearly 40 000 employers across 39 countries and territories.

²⁵ These schools are characterized by a continued shortage of teachers²⁵, poorly trained teachers, overcrowded classrooms, a perpetual lack of funding²⁵, lack of support programmes, weak parent-teacher bodies and little community support, that continue to collectively limit the educational opportunities in these schools (Van der Berg, 2007; Hammond *et al.*, 2009; Jansen, 2011; Lam, Ardington and Leibbrandt, 2011).

dominated social groups are able to counter ‘exclusionary’ tactics through education, such countering by dominated groups appears problematic (Murphy 1988).

As the demand for accounting skills increases in a market, so the number and diversity of accounting associations tends to increase (Richardson and Kilfoyle, 2012). This market logic and the normalisation of democratic South Africa’s international relations favour greater differentiation and segmentation of the accounting profession in South Africa as is evidenced within developed countries such as the United Kingdom²⁶. Indeed, competing groups, such as the Association of Chartered Certified Accountants (ACCA), have expressed their intent to challenge SAICA’s monopolistic control of the market for accounting services in South Africa (Quarshie, 2010).

Aiding the competing associations in challenging SAICA’s monopoly, is a corporate law amendment that replaced the audit requirement for smaller companies to be undertaken by SAICA members, with a limited review²⁷ of the annual reports, by ACCA, SAICA or South African Institute of Professional Accountants (SAIPA) members. Consequently, the national *Fasset*²⁸ *Careers Guide* promotes these three professional accounting associations amongst South African accounting students (Fasset, 2013). SAICA however retains exclusive right to provide audit services to large companies.

To benefit from the corporate law amendments, the competing associations must recruit sufficient students, particularly Black students, as future members to challenge SAICA’s exclusionary closure of the market and to secure their continued existence in the market (Larson, 1977; Collins, 1990; Inglis *et al.*, 2011). Associations targeting greater market share need to understand, in developing their recruitment strategies, the ‘consumer decision’ of potential members in their decision to join an association or not (Velayutham and Rahman, 2000; Parker, 2005; Inglis *et al.*, 2011; Sidaway *et al.*, 2013). There is however little research exploring the attributes of a professional accounting

²⁶ As an example of differentiation, in the United Kingdom the ACCA has approximately 83 339 members, while the Institute of Chartered Accountants in England and Wales (ICAEW) and Institute of Chartered Accountants in Scotland (ICAS) respectively have approximately 122 167 members and 17 538 members (FRC 2015). The ACCA has in excess of 170 000 members globally (ibid).

²⁷ An independent review consists primarily of making inquiries of management and others within the entity involved in financial and accounting matters, applying analytical procedures, and evaluating the sufficiency and appropriateness of evidence obtained. The procedures performed in an independent review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (IRBA, 2015).

²⁸ Fasset is the Finance and Accounting Services Sector Education and Training Authority of South Africa established in terms of the Skills Development Act (Act 97 of 1998). The purpose of Fasset is to fund and encourage education and training of employees and future employees in the finance and accounting services sector to address the skills shortage in this sector of the South African economy.

association a student may consider important in their decision to join a professional accounting association (Inglis *et al.*, 2011; Sidaway *et al.*, 2013).

Aiding these associations challenge SIACA's exclusionary closure may be the lower level of their education requirements in contrast to SAICA (Table 3.1). Admission to the SAICA accredited education programme at the targeted university requires scores of > 60% for the students' secondary school subjects. While admission to the 'commercial' stream (ACCA and SAIPA) at the targeted university requires scores of > 50%. These less onerous requirements may afford Black students, that may still be suffering tacit exclusionary closure from SAICA, greater opportunity to gain entry to the profession and contribute towards addressing the shortage of professional accountants in South Africa.

The objectives of this paper are therefore to explore:

- 1) students from different demographic groups choice of professional accounting association in South Africa, and
- 2) the importance of the attributes of a professional accounting association in influencing students from different demographic groups decision to join an association.

The following section provides background on the social exclusion evident in South Africa and the South African accounting profession. Thereafter consumer decision theory is discussed as a further theoretical framework for this study. The salience of race in the study of the profession in South Africa is then considered before documenting the method applied in this study. Finally, the results are reported and discussed prior to concluding the study.

3.2 Social closure and the South African accounting profession

Max Weber's theory of social closure (Weber, 1946) provides a theoretical framework for the background of this paper. Social closure theory represents Weber's general framework for understanding the various forms of exclusion and social stratification evident in society (Larson, 1977; Larkin, 1983). These forms of exclusion may be formal or informal rules and practices resulting in the exclusion of an individual or group on any basis including citizenship, education, ethnicity, gender, property, professional licencing or credentials, race or religion.

Parkin (1979), a neo-Weberian theorist who continued the Weberian attempt to develop this general overarching model for the analysis of all forms of social closure, asserted that in a capitalist society, the two primary modes of exclusionary closure are ownership of property and academic or professional credentials. However, in capitalist societies, despite apparent free competition, economic power remains collectively held by the owners of property. This economic power, held by the owners of property, is therefore a primary mode of exclusionary closure (Murphy, 1984, 1988). The primacy thereof lies in the notion that access to education and credentials are often derived from the ownership of property. Access to elite schools and possession of appropriate social competencies is contingent on capital wealth (Hammond *et al.*, 2009; Coetzee *et al.*, 2014). Therefore, although Parkin (1979) asserted that dominated social groups are able to counter 'exclusionary' tactics through education, such countering by dominated groups appears problematic (Murphy 1988). The lingering effects of Apartheid in South Africa offer evidence thereof. Even though the collectivist criteria of race, for social exclusion in South Africa, may have been abandoned, this criterion continues to operate indirectly, as the Whites continue to be advantaged by capital and property accumulated through their head start in the market during Apartheid. This head start allows Whites greater access to the quality of education necessary to qualify as a member of SAICA (Hammond *et al.* 2009).

Exclusionary closure of the market for professional accounting services by a professional association is a further form of social closure. While outwardly appearing to act in the 'public interest', the Weberian approach to understanding professionalisation highlights that professional accounting associations strive to monopolise and achieve exclusionary closure of the market for professional accounting services (Lee, 1995; Walker, 2008, Yee, 2012). Exclusionary closure essentially represents the control of a market for services provided to a consumer by a specific occupation (Larson, 1977; Collins, 1990). Achieving exclusionary closure affords professional associations and their members public recognition of professional status (Siegrist, 1990), upward social mobility, increased social standing (Larson, 1977; Beckman, 1990), and increased profitability (Willmott and Sikka, 1997). SAICA has achieved significant exclusionary closure of the market for professional accounting and audit services in South Africa (Venter and De Villiers, 2013). State acceptance and support is a necessary condition in achieving such exclusionary closure (Birkett and Evans, 2005). The enactment of the Public Accountant and Auditors Act in 1951 by the South African government afforded the members of the four provincial societies of chartered accountants exclusive access to qualification and registration as auditors since the 1950's²⁹. This resulted in members from other

²⁹ Prior to this date, the state allowed the profession to remain unregulated with members of various local and international associations acting as auditors (Verhoef 2013 and 2014).

associations having to join these provincial associations, which subsequently led to the withdrawal from the country of international accounting associations, including ACCA and the Institute of Chartered Accountants of England and Wales (ICAEW) (Van Rensburg, 1990; Verhoef, 2013). The transition roughly coincides with the country's transition from a British colony to a Republic, established in 1961 (Van Rensburg, 1990; Verhoef, 2013). In 1980, the four provincial associations merged to form SAICA as the national professional accounting association. Consumer demand for audit services, in particular, was created and maintained through legislation³⁰ requiring public and private companies to present audited annual financial reports. In addition to the audit services, SAICA members also performed the accounting function for small and medium entities (SME's) and acted as company directors, CEO's and CFO's for larger listed corporate entities (SAICA, 2015).

Associations challenging for a particular market may result in 'horizontal' or 'vertical' segmentation of the profession (Abbott, 1988, Walker, 2004; Birkett and Evans, 2005; Richardson and Kilfoyle, 2012). 'Horizontal' segmentation represents the division of labour and differentiation of tasks, although often with significant overlap (Richardson, 1987), while 'vertical' segmentation is largely status-driven (Yee, 2012). The formation in 1982 of the Institute of Commercial and Financial Accountants of Southern Africa (now SAIPA) and the return to South Africa in the 1990's of ACCA, coinciding with the country's first democratic government, did little to challenge SAICA's monopolistic position. Given the legislative restrictions at the time granting SAICA members' exclusive authority to perform the 'higher-status' audit function, vertical segmentation of the market resulted. The other associations were limited to delivering 'lower-status' accounting services to small and medium entities (SME's). SAICA members however also extensively serve this market (SAICA, 2015).

State support for SAICA's exclusionary closure suffered a potential set back in the early part of the twenty-first century. Revised corporate legislation³¹ no longer required smaller companies with limited public interest (based on the company's number of employees, its annual turnover, its stakeholders and the level of third party liabilities at the end of the financial year) to have their annual financial reports audited. Instead ACCA, SAICA, or SAIPA members were now entitled to independently review these reports. This revision was part of a greater corporate law reform to create a more enabling environment for entrepreneurship and enterprise development through, *inter alia*, reducing the costs associated with the formalities of operating as a company (DTI, 2010).

³⁰ Companies Act, 1973 (Act 61 of 1973).

³¹ Companies Act, 2008 (Act 71 of 2008).

It is submitted that SAICA's dominance of the professional accounting environment should be temporal given the emergence of competing associations and diminished state support. However, SAICA has continued to hold significant exclusionary closure of the professional accounting services market. SAICA's membership of more than 37 000 (SAICA, 2014) still greatly exceeds its competitors³²: SAIPA (approximately 10 000 (SAIPA, 2014)), and ACCA (approximately 500 (Ntshele, 2014)). Further, 32% of the country's listed company directors, 32% of CEOs and 75% of CFOs are SAICA members (SAICA, 2011). The competing associations have shown little expansion in the South African professional accounting labour market. The recruitment attempts by the competing associations may be hampered by a collective view of the accounting profession held by potential members rather than differentiation between associations (Velayutham and Rahman, 2000; Parker, 2005; Richardson and Jones, 2007; Inglis *et al.*, 2011). In addition, in the South African context specifically, it has been suggested that SAICA is the *de facto* association of choice in higher education (Venter and de Villiers, 2013). This may be due to the reputational importance to South African universities of SAICA-accreditation and their students' performance in SAICA's professional examinations, and that the vast majority of the accounting faculty are SAICA members (van der Schyf, 2008; Venter and de Villiers, 2013). Students, as potential members, in this institutional setting may therefore be reluctant to pursue membership of other associations when they are so accustomed to SAICA rhetoric (Venter and de Villiers, 2013).

3.3 Consumer decision theory

There has been little investigation of a student's decision to join a professional accounting association. However, it may be argued that the literature pertaining to a student's decision to major in accounting (Cohen and Hanno, 1993; Adams, Pryor and Adams, 1994; Hermanson, Hermanson and Ivancevich, 1995; Lowe and Simons, 1997; Tan and Laswad, 2006) or to follow accounting as a career (Paolillo and Estes, 1982; Gul *et al.*, 1989; Inman, Wenzler and Wickert, 1989; Felton *et al.*, 1994; Felton *et al.*, 1995; Ahmed, Alam and Alam, 1997; Auyeng and Sands, 1997; Bebbington, Thomson and Wall, 1997; Karnes, King and Hahn, 1997; Saemann and Crooker, 1999; Mauldin *et al.*, 2000; Simons *et al.*, 2004; Byrne and Willis, 2005; Myburgh, 2005; Dennis, 2006; Jackling and Calero, 2006; Tan and Laswad, 2006; Byrne, Willis and Burke, 2012) may offer some insights to the decision to join a professional accounting association.

³² The Chartered Institute of Management Accountants (CIMA) is a potential competitor to SAICA. It is, however, not reported, as membership numbers have been withheld for confidentiality reasons.

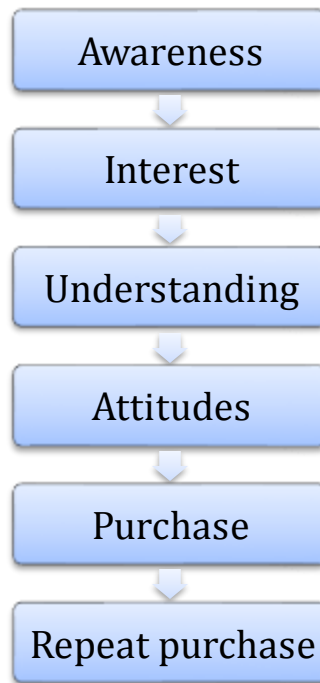


Figure 3.1: Extract from AIUAPR consumer decision model, Mercer (1996)

To provide a theoretical framework for decision-making against which to explore this body of literature, a consumer model from the marketing discipline is used (Simons *et al.*, 2004; Inglis *et al.*, 2011; Weismann *et al.*, 2012; Sidaway *et al.*, 2013). Consumer decision theory and associated models have built on E. St Elmo Lewis's historic AIDA (*awareness, interest, desire and action*) model. Mercer (1996) offered his revision thereof in the form of the AIUAPR (*awareness, interest, understanding, attitudes, purchase and repeat purchase*) model (Figure 3.1).

Awareness amongst students of the accounting profession appears to be created by various reference groups, including parents (Cohen and Hanno, 1993; Pearson and Dellman-Jenkins, 1997; Dandy and Nettelbeck, 2002; Byrne and Willis, 2005; Sugahara and Boland, 2005; McDowell, Jackling and Natoli, 2012) and teachers (Geiger and Ogilby, 2000; Mauldin, Crain and Mounce, 2000; Coetzee and Oberholzer, 2010). *Awareness* may lead to *interest* in the accounting profession as the student's *awareness* and *understanding* of the profession increases. Information pertaining to extrinsic factors, including potential salary, prestige, availability of employment and job security, opportunities for advancement and opportunities for migration, may spark a student's initial *interest* in the accounting profession (Cohen and Hanno, 1993; Felton *et al.*, 1994; Auyeng and Sands, 1997; Bebbington *et al.*, 1997; Tan and Laswad, 2006; Deci and Ryan, 2008; Gammie and Kirkham, 2008). This initial

interest may then become more sustained by information about intrinsic motivating factors, including job performance and career success (Jackling, 2014). Those parties influential in creating *awareness* of accounting may assist in the *understanding* of the extrinsic rewards associated with the profession rather than intrinsic factors (Cohen and Hanno, 1993; Felton *et al.*, 1994; Ahmed, Alam, and Alam, 1997; Nelson *et al.*, 2002; Myburgh, 2005; Jackling and Keneley, 2009). Intrinsic factors appear to be informed by teachers, career guidance counsellors and the study of accounting at school (Coetzee and Oberholzer, 2010). Intrinsic factors may however be misrepresented by the mechanical bookkeeping nature of accounting pedagogy adopted, particularly at secondary school, that serves only to reinforce the traditional boring, number crunching, stereotypical view of accounting rather than that of dynamic career spanning advisory services, assurance, finance and business management (Byrne and Willis, 2005; McDowell *et al.*, 2012). This may negatively influence the student's *attitude* towards the profession. A positive *attitude* towards the profession is a key attribute in influencing the student's *purchase decision* of joining the profession. In respect of a student's decision to join a particular professional accounting association, an *awareness* and *understanding* of brand/reputation, international recognition of qualifications and career opportunities have consistently emerged as the most important in influencing a student's *interest* and *attitude* towards joining a professional accounting association (Inglis *et al.*, 2011; Sidaway *et al.*, 2013).

Consumer demographics may differentiate the attributes influencing a consumer's *purchase decision* (Bozinoff and Cohen, 1982; Valencia, 1989). However, it is uncertain whether these demographics will continue to differentiate the attributes influencing a decision in a market characterised by a collective view of the accounting profession. Differences in student demographics have, however, been found to differentiate the attributes considered important in a student's decision of accounting as a major and career (Auyeung and Sands, 1997; Simons *et al.*, 2004; Jackling and Keneley, 2009). For example, Australian students were less likely than international students studying in Australia to be influenced by extrinsic factors in making their decision to follow an accounting career (Jackling and Keneley, 2009). The origin of such differences may lie in Hofstede's distinction between an individualistic westernised culture and a collectivist Black African or Asian culture. South African society encompasses Black, Asian, Indian (descendants from India living in South Africa), Mixed-race³³ and White population groups, allowing exploration of cultural differences in the attributes influencing a student's decision to join a professional accounting association. Further, any study of

³³ The Mixed-race population group derives from at least five different paternal populations (Khoisan, Bantu, European, Indian, and Southeast Asian) with a large (more than 60%) maternal contribution of Khoisan people (Quintana-Murci *et al.* 2010).

the profession in South Africa should not ignore population group differences, given the salience of race in the country's development (Hammond *et al.*, 2009).

3.4 Method

A self-report questionnaire was distributed at the beginning of class to the second-year undergraduate students (n=1 195) studying accounting at a leading South African university³⁴. A response rate of 85% was achieved (n=1 019). The questionnaire, designed by Inglis *et al.* (2011), and subsequently used by Sidaway *et al.* (2013), solicits information from the respondents on attributes that may be important in the students' decision to join a particular professional accounting association, based on the literature considering the choice of accounting as a career and major. To explore the effect of demographic variables on the students' decision to join an association and the attributes considered in that decision, demographic data were collected³⁵ pertaining to the students' gender, population group and education path.

The targeted university offers accredited education pathways for each of the three professional associations, namely ACCA, SAICA and SAIPA. The membership requirements of these associations, in general, require the successful completion of an accredited university degree (Table 3.1). The ACCA offers alternative pathways to the traditional university education, including self-study or study with a university or non-university tuition provider. The majority of ACCA students in South Africa (approximately 90%) however complete a degree or diploma, before embarking on any outstanding ACCA education requirements on a self-study basis (Ntshela 2014). Generic undergraduate accounting degrees in South Africa are not commonplace. Instead, degree programmes are tailored to meet the accreditation requirements of specific associations (Table 3.1). Consequently, students select their professional association early in their university education - usually by the end of their first year. If students make what they perceive is the wrong decision, they need to transfer to another education programme. A transfer between education programmes often has negative consequences for the student in terms of additional modules and the loss of credit for modules already completed. This may lead to an extension of the time required, additional financial costs and subsequently students may become disheartened and demoralised.

³⁴ The university is one of only three South African universities in the Top 500 universities in the world (QS World University Rankings 2013).

³⁵ Data pertaining to age would not provide any valuable information for analysis, as 87% of the student cohort is between 19 and 21 years of age.

	ACCA ²	SAICA ¹	SAIPA ²
Education	Self-study or study through an accredited tuition provider.	A four-year degree through an accredited university.	A three-year degree through an accredited university.
Targeted university accredited degree	B Com Financial Sciences.	B Com Accounting Sciences & Certificate in the Theory of Accounting (CTA).	B Com Financial Sciences.
Workplace experience	A three-year learnership with an accredited workplace.	A three-year learnership with an accredited workplace.	A three-year learnership with an accredited workplace.

Table 3.1 Pathways to a professional accounting career in South Africa (Source: Fasset, 2013)

Given that the decision as to which pathway to professional qualification to undertake, needs to be made early in the degree programme, second-year students were selected as the target population. These students should recently have made the decision as to which professional accounting association they intend to join. Further, as the standard of final secondary school assessment in South Africa and its reliability as a predictor for academic success is increasingly uncertain (Yeld and Hendry, 2002; Yeld, 2005; Foxcroft and Stumpf, 2005; Jansen, 2009), the first year of higher education functions as a sifting process. Approximately one in every three first year university students in South Africa do not complete their first year of higher education (CHE, 2013). The perceptions of those inadequately prepared first-year students, who do not qualify to proceed to the second year or to enter the profession, may distort the results.

Students intent on joining SAICA and who meet the more onerous admission requirements³⁶ register for the ‘chartered accounting’ (CA) stream (n=619, 52%), while those who do not meet the ‘chartered accounting’ stream admission requirements and/or are intent on joining ACCA or SAIPA, are registered for the ‘commercial’ stream³⁷ (n=576, 48%). Students on the ‘chartered accounting’ stream may also qualify to join SAIPA or for exemptions with ACCA. The decision to join a particular accounting association is therefore not necessarily mutually exclusive. However, only students on the ‘chartered accounting’ stream may qualify to join SAICA³⁸.

³⁶ Admission to the ‘chartered accounting’ stream at the targeted university requires scores of > 70% for the students’ secondary school subjects.

³⁷ Admission to the ‘commercial’ stream at the targeted university requires scores of > 60% for the students’ secondary school subjects.

³⁸ Transfer from the ‘commercial’ stream to the ‘chartered accounting’ stream is possible, though not common. ‘Commercial’ stream students are generally required to repeat a year of study on the ‘chartered accounting’ stream if they transfer. For example, students completing the second year on the ‘commercial’ stream generally repeat the second year of the ‘chartered accounting’ stream before proceeding with the third year of study.

A total of 751 students (74% of the respondents) indicated that they intended joining a professional accounting association and could be included in the analysis. The commercial stream also serves as an elective course for other disciplines including teaching, law and engineering. This may account for the students not intent on joining a professional accounting association (n=268). The respondent profile is illustrated in Table 3.2. The majority of the respondents' intent on joining a professional accounting association are enrolled on the CA stream (n=539, 72%). For both the CA and commercial stream there are proportionally more female (57%) than male respondents (43%). An equal distribution between Black (45%) and White (45%) students is evident for the total group, with some Asian, Indian or Mixed race students (10%). Black students are in the majority in the commercial stream (59%) but not for the CA stream (39%), demonstrating the continued exclusionary closure of Blacks from SAICA. Given there is no longer racial exclusion in South Africa, this may be indicative of Blacks tacit exclusion from SAICA on the basis of an inadequate secondary school education that fails to prepare these Black students adequately for the onerous education requirements imposed on accounting education programmes by SAICA.

3.5 Results and discussion

3.5.1 Choice of professional accounting association

The students' choice of professional accounting association is illustrated in Table 3.2. The significant exclusionary closure SAICA has achieved of the South African market for supplying professional accounting services shows little sign of abating in the short term. The majority (83%) of the respondents (n=625) intend joining SAICA with 72% (n=539) of the respondent students' intent on joining a professional accounting association studying on the SAICA accredited CA stream. In addition, several students studying on the commercial stream also intend joining SAICA (n=97, 46%). Only 8% (n=60) and 14% (n=103) of the total respondents intend joining ACCA or SAIPA respectively. A few respondents (n=27, 4%), primarily from the commercial stream, indicated that they intend joining other accounting associations³⁹. Some students, included in the results, intend joining more than one professional accounting association (n=64, 9%).

³⁹ The small number of respondents in this 'other associations' precluded any further meaningful analysis of these other associations.

Association	Total	Gender			Population group			F (p)
		Male	Female	F (p)	Black	White	Other#	
Decision to join:								
ACCA	60 (8%)	31 (10%)	29 (7%)	1.99 (0.16)	26 (8%)	28 (8%)	6 (8%)	0.05 (0.99)
CA stream	26	14	12		8	15	3	
Commercial stream	34	17	17		18	13	3	
SAICA	625 (83%)	267 (83%)	358 (84%)	0.13 (0.72)	268 (80%)	294 (87%)	63 (83%)	1.39 (0.24)
CA stream	528	224	304		206	269	53	
Commercial stream	97	43	54		62	25	10	
SAIPA	103 (14%)	40 (12%)	63 (15%)	0.85 (0.36)	57 (17%)	35 (10%)	11 (15%)	1.73 (0.14)
CA stream	18	9	9		7	10	1	
Commercial stream	85	31	54		50	25	10	
Other associations	27 (4%)	13 (4%)	14 (3%)		12 (4%)	11 (3%)	4 (5%)	
	815 (109%)*	351 (109%)	464 (109%)		363 (109%)	366 (108%)	84 (111%)	
Multiple associations	64 (9%)	28 (9%)	36 (9%)		28 (9%)	26 (8%)	8 (11%)	
Total respondents	751 (100%)	323 (100%)	428 (100%)		335 (100%)	340 (100%)	76 (100%)	
CA stream	539	231	308		209	276	54	
Commercial stream	212	92	120		126	64	22	

(Asian, Indian and Mixed Race)

* Total percentage is > 100 as respondents (n=64) may intend joining more than one association.

Table 3.2 Students' choice of professional accounting association

For commercial stream students to register with SAICA they will need to transfer to the SAICA accredited CA stream. The implication of this is that they will need to complete their second year of study on the commercial stream and then sit for and pass an exemption examination for the first year of the CA stream before registering for the second-year CA stream, effectively extending their period of study by at least one year. It is primarily students who intend joining SAICA but who did not meet the initial entry requirements for admission to the CA stream that attempt the transfer between the streams. In the experience of an author, as instructor on the second-year CA stream, students rarely transfer successfully to the second-year CA stream.

An investigation of demographic differences through Analysis of Variance (ANOVA) revealed no statistical differences in the choice by gender for those intent on joining ACCA ($F=1.99$, $p=0.16$), SAICA ($F=0.13$, $p=0.72$) or SAIPA ($F=0.85$, $p=0.36$) (Table 3.2). This suggests that no association is favoured by one gender. Further, no statistically significant difference by population group is evident. However, proportionally more White students ($n=294$, 87%) indicated their choice of SAICA as professional accounting association when compared to the Black students ($n=268$, 80%). Several of these Black students ($n=62$) may however not have the 'choice' of SAICA. Black students may therefore continue to be tacitly excluded from SAICA on the basis of their secondary school education (Murphy, 1984, 1988; Hammond et al., 2009). In the 2007 final secondary school examination, one in 11 White students achieved A-aggregates whereas only one in 640 Black students achieved A-aggregates (Taylor et al., 2011). Therefore, despite their desire to join SAICA, through not meeting the onerous admission requirements for the SAICA accredited education programme these students must register for the commercial stream, which has less onerous admission requirements (Table 3.1). Unsurprisingly therefore more Black students ($n=57$, 17%) than White students ($n=35$, 10%) indicated their choice of SAIPA as professional accounting association. Little variance by population group ($F=0.05$, $p=0.99$) is evident for the ACCA.

While SAICA continues to dominate the professional accounting environment, the prevailing market conditions, namely the shortage of accounting professionals and diminished state support for SAICA, suggests that greater segmentation of the market should occur. For this segmentation to realise, competing associations must, *inter alia*, recruit greater numbers of students as future members. In particular, given that their education requirements are less onerous and/or more flexible than those of SAICA these associations need to recruit the Black students who are tacitly excluded from SAICA on the criteria of education. In developing their recruitment strategies, identifying the attributes influencing the students 'consumer decision', to join an association or not, is important.

3.5.2 Importance of attributes in influencing a student's decision

The ranking, by mean score, of the importance of the attributes of a professional accounting association in influencing the students' 'consumer decision' to join an association, is presented in Table 3.3. Extrinsic factors such as *international recognition* (m=4.47, rank 1), *enhancing career and networking opportunities* (m=4.44, rank 2), *potential/place of work* (m=4.27, rank 3), *reputation and branding of the association* (m=4.25, rank 4) and *earnings potential* (m=4.21, rank 5), are the most important attributes influencing the students' decision to join a professional accounting association. These factors largely mirror those extrinsic factors that potentially spark a student's initial interest in the accounting profession as a career (Cohen and Hanno, 1993; Felton *et al.*, 1994; Auyeng and Sands, 1997; Tan and Laswad, 2006; Deci and Ryan, 2008). *Cost to join* (m=3.00, rank 13), *on-going membership costs* (m=3.06, rank 12), and *assisting in gaining permanent residency* (m=3.37, rank 11) are the least important attributes influencing the students' decision to join a professional accounting association. The *employer sponsoring these membership costs* (m=3.38, rank 10) also has little influence on the students' decision to join a professional accounting association. These findings are largely consistent with those reported in Australia (Inglis *et al.*, 2011; Sidaway *et al.*, 2013).

Table 3.3 additionally presents a comparison of the importance of the attributes, by professional accounting association that a student intends to join. The Pearson correlation coefficient suggests that the attributes' rankings by professional accounting association are highly correlated and statically significant ($r_p > 0.92$, $p = 0.01$). This correlation may suggest that students hold a collective view of the accounting profession and apply the same ranking of importance to the attributes in informing their decision to join a particular accounting association regardless of the association in question, supporting a similar observation in Australia (Inglis *et al.*, 2011).

The literature suggests that demographics may differentiate the importance of the attributes. However, the statistically significant positive Pearson's correlation coefficient ($r_p > 0.93$, $p = 0.01$) when comparing the ranking of the importance of the attributes (untabulated) by population group⁴⁰, gender and education path (CA stream or commercial stream), suggests that the collective view of the accounting profession is not particular to a specific demographic group.

⁴⁰ Students from population groups other than African and White are omitted from further analysis as they represent approximately only 10% of the responses (6 for ACCA, 63 for SAICA and 11 for SAIPA). The other population group variable also comprises of several distinct subgroupings (Asian, Indian or Mixed race) further reducing the number of responses for analysis.

Attribute	Total (n=751)*	ACCA (n=60)	SAICA (n=625)**	SAIPA (n=103)
	Mean (Ranking)			
International recognition	4.47 (1)	4.26 (1)	4.50 (1)	4.36 (2)
Enhancing career and networking opportunities	4.44 (2)	4.24 (2)	4.46 (2)	4.41 (1)
Potential/place of work	4.27 (3)	4.16 (4)	4.29 (3)	4.22 (4)
Reputation/brand of the professional accounting association	4.25 (4)	4.07 (5)	4.28 (4)	4.22 (3)
Current and future salary of members of the accounting association	4.21 (5)	4.21 (3)	4.22 (5)	4.19 (5)
Perceived expertise of the professional accounting association	4.07 (6)	4.05 (6)	4.08 (6)	4.04 (7)
Membership benefits	4.05 (7)	3.69 (8)	4.07 (7)	4.06 (6)
Professional education programmes	3.97 (8)	3.81 (7)	3.97 (8)	4.01 (9)
Ease of becoming a member: entry requirements	3.84 (9)	3.66 (9)	3.80 (9)	4.04 (8)
Employer paying membership fees	3.38 (10)	3.28 (10)	3.32 (10)	3.67 (10)
Assisting in gaining permanent residency	3.37 (11)	3.21 (13)	3.32 (11)	3.65 (11)
On-going membership costs	3.06 (12)	3.28 (11)	3.01 (12)	3.22 (13)
Financial cost to join	3.00 (13)	3.21 (12)	2.94 (13)	3.23 (12)

Scale: 1 = not important - 5 = very important

* The decision to join a particular accounting association is not mutually exclusive. Some students indicated they intend joining more than one association (n=64).

** Although not qualifying for admission to SAICA, students from the commercial stream (n=97) indicated they intend on joining SAICA. This will require a transfer to the CA programme and the loss of credits and an additional period of study.

Table 3.3 Rank order of attributes' importance in influencing the students' decision to join a professional accounting association

3.5.3 Information in respect of the attributes communicated by the associations

To foster greater *understanding* of the attributes of the associations in the students' 'consumer decision' to join an association, or not, information in respect of those attributes most influential to the students' decision should be provided by the associations. Provision online of such brand-related information that may affect consumers' purchase decisions has become increasingly prevalent (Chen et al., 2015). Content analysis of the student information webpage⁴¹ of each of the association's websites was therefore employed. Content analysis as a research method allows the capture and

⁴¹The following pages were analysed <http://www.accaglobal.com/ng/en/qualifications/why-acc.html> (ACCA), <https://www.nowican.co.za/home/about-ca-sa/what-is-a-casa/> (SAICA), and <http://www.saipa.co.za/page/658/benefits-membership> (SAIPA) (Accessed 10 August 2015).

analysis of empirical data to describe the content and level of communication (O'Neill, McDonald and Deegan, 2015). The number of words used in narrative of the webpages was manually counted and coded against the attributes that may be important in the students' decision to join a particular professional accounting association by multiple coders. Any discrepancies between coders were resolved verbally.

As illustrated in Table 3.4, none of the attributes that were of little importance to the students' decision were discussed on the web pages. The attributes most important in influencing the students' decision, *international recognition* and *enhancing career and networking opportunities*, represent an extensive portion of the narrative of the ACCA webpage (21% and 17%, respectively). In contrast, SAICA (7% and 10%) and SAIPA (14% and 0%) provide less information on these two attributes. This suggests that ACCA are highlighting the key attributes that the students are interested in and providing information relevant to the students' decision to join the association or not. However, based on the small membership base and the little interest shown by the respondent students, ACCA do not appear to be attracting significant numbers of new members in South Africa. This predicament will require further consideration by ACCA in the South African professional accounting market.

Despite not being the most important attribute in influencing the students' decision to join or not ($m=4.08$, rank 6), SAICA has provided extensive narrative addressing the *perceived expertise of the professional accounting association* (38%). Through statements such as, "*CAs(SA) are elite accountants*", SAICA may be attempting to influence the student choice to join the association or not by maintaining the impression of vertical segmentation in the market, given the increased potential for competition as a result of the corporate law amendments granting greater responsibilities to ACCA and SAIPA members.

While ACCA (35%), SAICA (7%) and SAIPA (30%) provided narrative on their professional education programmes, only ACCA provided narrative on the *ease of becoming a member of the association*. ACCA's webpage states that students "*can progress at [their] own pace and start at a level that is right for [them]*". This is acknowledgement that ACCA offers self-study or study through an accredited tuition provider (Table 3.1). Although this attribute (*ease of becoming a member of the association*) was not highlighted by the respondents as being important, given the tacit exclusion from SAICA of Blacks on the basis of onerous education requirements, ACCA and SAIPA may consider targeting this attribute in their recruitment campaigns to highlight to Black South Africans the alternative pathways to the profession that they offer.

Attribute	Ranking by students (Table 3.3)	Total		ACCA		SAICA		SAIPA	
		n	%	n	%	n	%	n	%
International recognition	1	107	12	58	21	29	7	20	14
Enhancing career and networking opportunities	2	89	10	46	17	43	10	-	-
Potential/place of work	3	21	3	11	4	10	3	-	-
Reputation/brand of the professional accounting association	4	178	21	25	9	120	28	33	23
Current and future salary of members of the accounting association	5	32	4	-	-	32	7	-	-
Perceived expertise of the professional accounting association	6	222	26	24	9	165	38	33	23
Membership benefits	7	15	2	-	-	-	-	15	10
Professional education programmes	8	171	20	94	35	32	7	45	30
Ease of becoming a member: entry requirements	9	15	2	15	5	-	-	-	-
Employer paying membership fees	10	-	-	-	-	-	-	-	-
Assisting in gaining permanent residency	11	-	-	-	-	-	-	-	-
On-going membership costs	12	-	-	-	-	-	-	-	-
Financial cost to join	13	-	-	-	-	-	-	-	-
		850	100	273	100	431	100	146	100

n=number of words

Table 3.4 Content analysis of a student information page on the associations' websites

3.6 Conclusion

This paper explored South African accounting students' from different demographic groups choice of professional accounting association and the importance of the attributes of a professional accounting association in influencing the students' decision to join an association. Of the professional accounting associations considered in this study, SAICA is the students' preferred choice, regardless of the students' gender or population group. The emergence of competing associations (ACCA and SAIPA) and diminished legislative support by the state suggest that SAICA's dominance of the professional accounting environment should be temporal.

The marketing and recruitment by competing associations in South Africa may however be hampered by the fact that the students appear to hold a collective view of the accounting profession. There is little differentiation in the attributes that influence their decision to join a particular professional accounting association, making marketing of a differentiated brand challenging for the competing associations. Analysis of the results by population group, gender and education pathway suggest that the collective view of the profession is not particular to any specific demographic group. Further, content analysis of the current recruitment-related narrative on the student information webpages of the associations, that are meant to increase a student's understanding of the association and influence the students' 'consumer choice', suggests that the information provided by SAICA and SAIPA, may not be optimally aligned with the level of importance the students have attached to the attributes that are influential in their decision to join the association, or not. In contrast, ACCA appears to be targeting the key attributes in the information they are providing to prospective members, however their remains little interest in ACCA in South Africa.

This may be ascribed to the colonisation of South African universities by SAICA, as a key professionalisation strategy to ensure the association's status and survival (Venter and De Villiers, 2013). To this end SAICA has employed commonplace mechanisms including the publication of professional examination results by university and financial rewards for members of SAICA employed in the academe (ibid). These mechanisms have succeeded in populating the faculty of South African accounting departments with SAICA members, who through their professional identity not only institutionalise the universities and their education programmes (ibid) but also their students. As accounting faculty in the institutions, SAICA members may influence their student's decision to join an association through influencing these students' student's interest in and attitude towards and knowledge of a particular association.

Professional accounting association's intent on segmenting the market for supplying professional accounting services in South Africa, will therefore need to strive for and attain greater parity in the higher education environment in South Africa. As long as this key adjacent institution (the university) is colonised by SAICA, competitors may fail to make any meaningful contribution to the segmentation, development and expansion of the broader accounting profession in South Africa. Further qualitative analysis, such as interviews with students, is encouraged to provide greater illumination and understanding of the students' continued preference for SAICA. Further, future research may also consider the students', who intend joining SAICA for example, evaluation of ACCA and SAIPA and *vice versa*.

The exclusionary closure achieved by SAICA of the market for professional accounting services may be contributing to the shortage of accounting professionals in South Africa (Quarshie, 2010), This may be as result of SAICA's onerous education requirements stifling access to the profession, particularly for Black South Africans. While Black South Africans are no longer excluded from society and the profession on the basis of race, these students poorer socio economic status continues to restrict their access to the high quality education necessary to join SAICA. The competing associations, through their lower and/or more flexible education requirements are however ideally positioned to offer Black South Africans alternative pathways to the profession. ACCA and SAIPA should therefore consider promoting the attribute of *ease of becoming a member of the association* in their recruitment campaigns to highlight to Black South Africans their alternative pathways to the profession.

This study considered a sample of full-time university students in South Africa. It is acknowledged that distance education and recognition of prior learning may be alternative pathways to enter the profession and future research in this context is encouraged. Although much alignment is evident in the findings of this study and those in Australia (Inglis *et al.*, 2011; Sidaway *et al.*, 2013), the generalizability of the results may require further research in other universities and for other professional accounting associations. Neither this study, nor those in Australia, offers insights into the students' preferred marketing channels. Further research into the marketing preferences of various cultural or socio-economic cohorts is encouraged to inform these considerations.

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CHAPTER 4

RACIAL TRANSFORMATION AND IMPRESSION MANAGEMENT: THE CASE OF THE SOUTH AFRICAN ACCOUNTING PROFESSION

4.1 Introduction

Since its establishment in 1980, the South African Institute of Chartered Accountants (SAICA) has secured significant exclusionary closure over the market for professional accounting and audit services in South Africa (Venter and De Villiers, 2013). This has resulted in an elevated status for CA's (SA) in South African society and significantly higher remuneration for CA's (SA) than other accounting and finance designations (SAICA, 2015^a). State acceptance and support have played a significant part in the process of professionalisation and the exclusionary closure achieved by SAICA. The enactment of the Public Accountant and Auditors Act in 1951 by the state, afforded the chartered accounting profession (represented at the time by four provincial societies that in 1980 merged to form SAICA) exclusive access to qualification and registration as auditors (Verhoef, 2014). Consumer demand for these audit services was created and maintained through the Companies Act of 1973 that required all private and public companies to present audited annual financial reports. In addition to audit services, SAICA members also perform the accounting function for small and medium entities (SME's) and act as company directors, CEO's and CFO's for larger listed corporate entities (SAICA, 2015^a).

State support for the exclusionary closure achieved by SAICA suffered a potential set back in the early part of the twenty-first century. Revised corporate legislation issued by the post-Apartheid government removed the audit requirement for private or limited public interest companies. The revised legislation empowers members of SAICA, the South African Institute of Public Accountants (SAIPA) and the Association of Chartered Certified Accountants (ACCA) to perform independent reviews⁴² of these smaller entities' annual financial reports. This revision was part of a greater corporate law reform to create a more enabling environment for entrepreneurship and enterprise development through, *inter alia*, reducing the costs associated with the formalities of operating as a

⁴² An independent review consists primarily of making inquiries of management and others within the entity involved in financial and accounting matters, applying analytical procedures, and evaluating the sufficiency and appropriateness of evidence obtained. The procedures performed in an independent review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (IRBA, 2015).

company (DTI, 2010). SAICA's membership (n=37 000 (SAICA, 2014^a)) however continues to greatly exceed its competitors⁴³: SAIPA (approximately 10 000 (SAIPA, 2014)), and ACCA (approximately 500 (Ntshele, 2014)).

4.1.1 Professionalisation and the state

To conceptualise the process of professionalisation and the interplay with the state, the Weberian notion of social closure, focusing on social mobility and market control is particularly useful (Yee, 2012). Social closure theory represents Weber's general framework for understanding the various forms of exclusion and social stratification evident in society (Larson, 1977; Larkin, 1983). While professional accounting associations outwardly appear to act in the 'public interest', they are in fact engaged in a series of interplays with various societal actors in pursuit of self-interested exclusionary closure of a market for services (Larson, 1977; Siegrist, 1990; Lee, 1995; Walker, 2008). The Weberian approach to understanding professionalisation highlights the self-interest of professional associations (Willmott, 1986) and the highly political nature of professionalisation (Yee, 2012). The interaction of professional associations and the state and state agencies, as major societal actors, is an integral part of understanding the process of professionalisation (Joyce, 2014). If the state is unwilling to accept the power of a professional association, the path to professionalism becomes tenuous (Birkett and Evans, 2005). Earlier studies of professionalisation marginalised the role of the state (Chua and Poullaos, 1993). However, more contemporary research has considered strategies to attain the state's acceptance and support as an important dependency in the process of professionalisation and a necessary condition to achieving exclusionary closure (see, for example, Loft, 1986; Willmott, 1986; Richardson, 1989; Puxty, 1990; Bailey, 1992; Chua and Poullaos, 1993; Chua and Sinclair, 1994; Poullaos, 1994; Robson et al., 1994; Walker and Shackleton, 1995; Chua and Poullaos, 1998; Perera, Velayutham and Rahman, 2001; Ramirez, 2001; De Beelde, 2002; MacDonald and Richardson, 2004; Birkett and Evans, 2005; Sian, 2006; Yee, 2012; Altaher, Dyball and Evans, 2014). A professional association's relationship with the state may either be "close and indulgent" (Sikka and Willmott, 1995, p.362) or the state may be a "particularly dangerous foe", depending on the specific struggle the actors are engaged in and the alignment of their ideology (Chua and Poullaos, 1998, p.164). In strategizing the state-profession dynamic, professional accounting associations need to align their practices with public interest and state ideology to gain or maintain state support (Birkett and Evans, 2005).

⁴³ The Chartered Institute of Management Accountants (CIMA) is a potential competitor to SAICA. It is, however, not reported, as membership numbers have been withheld for confidentiality reasons.

4.1.2 Racial transformation of the profession

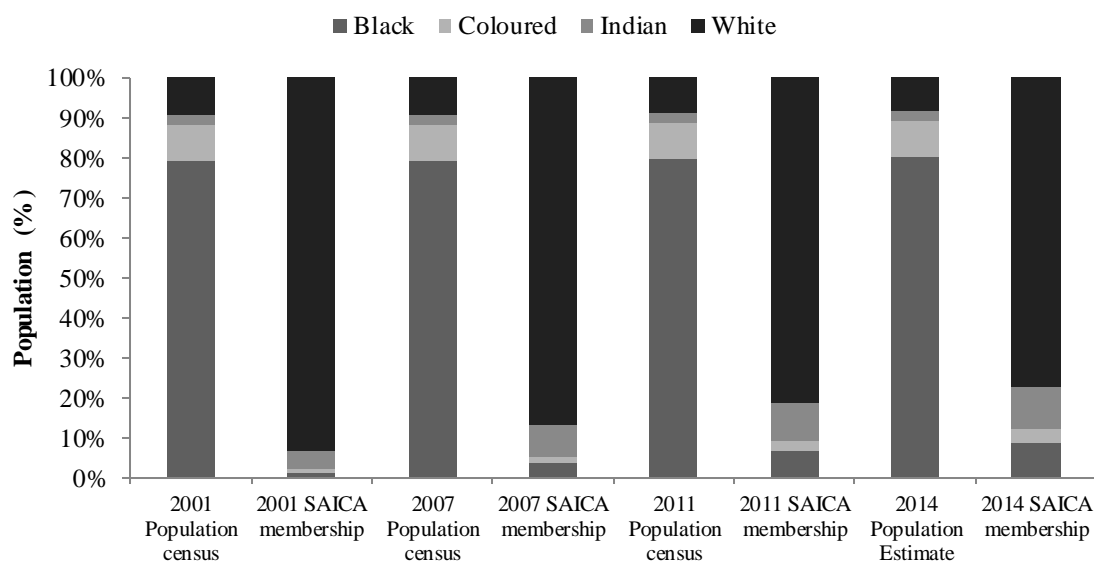


Illustration 4.1 South African population (Source: StatsSA, 2011, 2014^a) and SAICA membership (Source: SAICA, 2014^b) by race.

A particular ideological challenge facing professional accounting associations in post-Apartheid South Africa, is racial transformation of the economy. South Africa's first democratic government, elected in 1994, had a clear mandate to redress inequalities of the past in every sphere of society. During the first decade of democracy, SAICA made several apparent attempts to transform the profession with little tangible results (Hammond, Clayton and Arnold, 2009). Despite Black people representing 90% of the South African population (Illustration 4.1), at the turn of the century only 175 (1%) Black, 135 (1%) Mixed-race and 715 (4%) Indians were members of SAICA, while White membership stood at 17,891 (94%) (SAICA, 1999). A report by the World Bank in 2003 highlighted the slow transformation of the profession, commenting that members of the Black community are yet to enter the profession in a significant scale and this was complicating the shortage of approximately 20,000 qualified professional accountants.

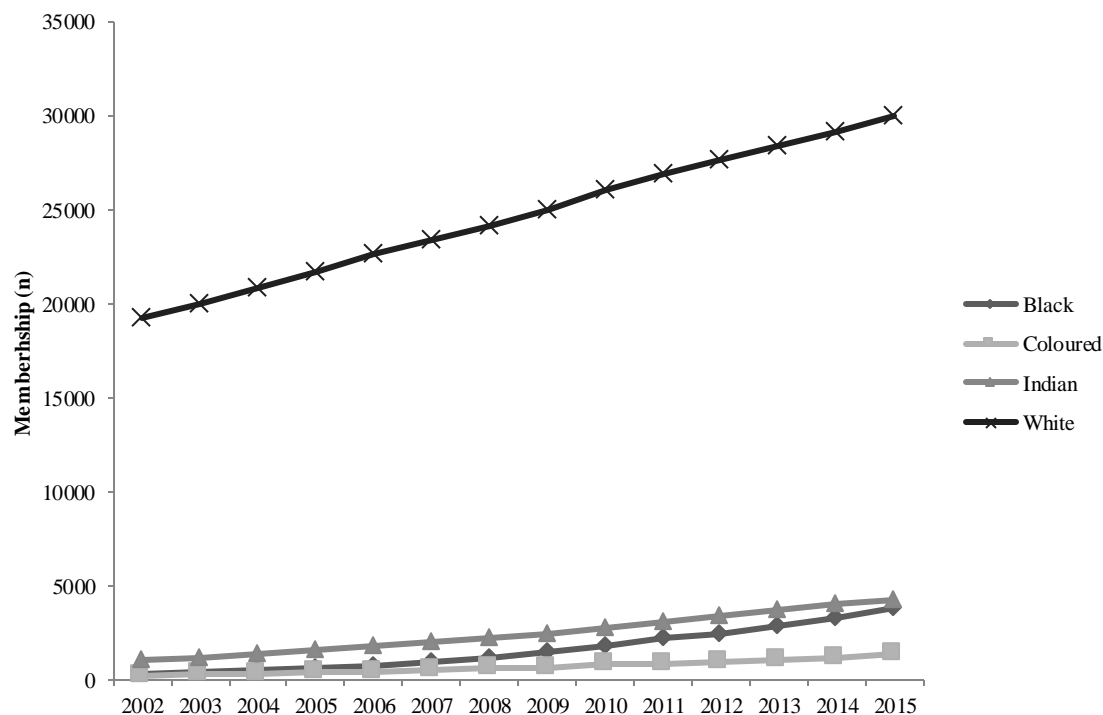


Illustration 4.2 SAICA annual membership trend over time by race (Source: SAICA, 2015^b).

Over the next decade SAICA’s membership showed some progress towards transforming. In 2007 Black membership had increased to 931 (3.5%) and in 2011 to 2,185 (6.6%). By the end of 2015, two decades since the demise of Apartheid, the membership numbers had increased to 3,828 (10%) Black, 1,325 (3%) Mixed-race, 4,273 (11%) Indians and 29,941 (76%) White Chartered Accountants (Illustration 4.2) (SAICA, 2014^a). Given the transformation challenges facing the profession SAICA disclosed in its annual report for 2002 (p. 9) that (emphasis added):

“The legitimacy of the profession in the eyes of the public and government is a key success driver. Public and government perceptions about the profession are not entirely satisfactory. As a profession, we need to change those perceptions; to demonstrate that we are transforming and that we are playing a dynamic and constructive role in developing the country”.

The slow pace of transformation in the South African accounting profession may be understood in terms Murphy’s (1984, 1988) interpretation of Max Weber’s theory of social closure (Weber 1946). Weber identified various forms of exclusion. These may be formal or informal rules and practices resulting in the exclusion of an individual or group on any basis including citizenship, education, ethnicity, gender, property, professional licencing or credentials, race or religion. In a capitalist

society, Parkin (1979) suggested that the two primary modes of exclusionary closure are ownership of property and academic or professional credentials. Murphy (1984, 1988) advanced this suggestion and identified the ownership of property as the primary mode of exclusionary closure in a capitalist society where the owners of property collectively hold economic power. The primacy thereof lies in the notion that access to education and credentials are often derived from the ownership of property, for example access to elite schools offering a high quality education is contingent on capital wealth (Hammond *et al.*, 2009; Coetzee *et al.*, 2014). Consequently, even though the collectivist criteria of race, for social exclusion in South Africa, may have been abandoned, this criterion continues to operate indirectly. Through the capital and property acquisition ‘head start’ White South Africans had under Apartheid, they continue to have greater access to the quality of education necessary to qualify as a professional accountant with SAICA (Murphy, 1988; Coetzee *et al.*, 2014). In contrast, many Black students continue to receive an inferior primary and secondary school education in the previously disadvantaged Black schools⁴⁴ that fail to prepare them adequately for the onerous education requirements of SAICA (Sartorius and Sartorius, 2013; Coetzee *et al.*, 2014). Therefore, although Parkin (1979) asserted that dominated social groups are able to counter ‘exclusionary’ tactics through education, such countering by dominated groups appears problematic when not enabled by property ownership (Murphy 1988, Hammond *et al.*, 2009). Education and professional credentials therefore often reflect ‘cultural background rather than individual ability or achievements’ (Hammond *et al.*, 2009, p. 706):

“... official criteria in fact serve as a mask for hidden criteria: for example, the requiring of a given diploma can be a way of demanding a particular social origin which, though absent from the official job description, function as tacit requirements.”
(Bourdieu, 1984: 102-103)

To counter Black South African’s lack of property ownership, as a legacy of Apartheid, restricting them from gaining access to the quality of education necessary to enter the accounting profession, SAICA implemented Thuthuka (a Zulu verb meaning ‘to develop’) as a ‘key transformation strategy’ in 2002. The objective of Thuthuka is to create a sufficient and sustainable base of appropriate and representative skills for the profession (Barac, 2015). To achieve this objective skills development initiatives have been implemented to address the challenges of a Black candidate's progress towards becoming a Chartered Accountant. Thuthuka comprises of a school-based project (*The Thuthuka*

⁴⁴These schools are characterized by a continued shortage of teachers⁴⁴, poorly trained teachers, overcrowded classrooms, a perpetual lack of funding⁴⁴, lack of support programmes, weak parent-teacher bodies and little community support, that continue to collectively limit the educational opportunities in these schools (Van der Berg, 2007; Hammond *et al.*, 2009; Jansen, 2011; Lam, Ardington and Leibbrandt, 2011).

Education Upliftment Fund), to uplift the standard of mathematics education in targeted schools, and a higher education bursary fund (*the Thuthuka Bursary Fund*), to assist selected individual learners through their higher education.

4.1.3 *Research objective*

Accounting researchers have identified the use of voluntary disclosure as an important tool to influence stakeholders' impression of an entity (Adelberg, 1979; Neu, 1991; Neu, Warsame and Pedwell, 1998; Crowther, Carter and Cooper, 2006; Solomon et al., 2013). This paper therefore seeks to explore how SAICA has used voluntary disclosure⁴⁵, pertaining to racial transformation of the profession, in its annual reports for the period 2002 - 2009 as a method of managing the post-Apartheid state's perception of the association. As precursor thereto this paper briefly documents the racial transformation of the South African chartered accounting profession.

The periodization of the paper roughly coincides with the second decade of democracy in South African and commences with the introduction by SAICA of the Thuthuka initiative in 2002. The periodization concludes 8 years later pre-adoption of integrated reporting by SAICA in 2010. Integrated reports represent a new reporting framework with differing prescriptions and guidelines to the traditional annual report limiting comparison pre and post adoption of integrated reporting.

The following section of this paper documents SAICA's attempt to transform the accounting profession. The paper then considers the concept of impression management. Thereafter the method employed in this study to explore the use of voluntary disclosure by SAICA is documented, before presenting the results and discussion thereof.

4.2 **Transformation of the South African accounting profession**

Exclusion from the accounting profession on the basis of race, class, ethnicity and/or gender are well documented in the accounting literature (Miranti, 1988; Richardson, 1988; Lehman, 1992; Kirkham and Loft, 1993; Hammond and Streeter, 1994; Hammond, 1997; Grey, 1998; McKeen and Richardson, 1998; Walker and Shackleton, 1998; Ramirez, 2001). Exclusion from the profession on the basis of race in post-colonial settings where the inequities persist against the majority populations

⁴⁵ Voluntary disclosure refers to accounting narratives and graphics that are not subject to audit and are not prescribed by Generally Accepted Accounting Practice (for example the chairman's report).

discriminated against under British rule, despite winning political freedom, have been reported in Kenya (Sian, 2006, 2007a, 2007b) Trinidad and Tobago (Annisette, 2000, 2003) and South Africa (Hammond et al. 2009). Hammond et al. (2009) provide a rich and personal account, based on oral histories of Black chartered accountants, of Black South Africans' gradual and challenging inclusion into the accounting profession over the period of 1976 to 2000. This paper provides a brief account of the transformation initiatives to eradicate exclusionary practices and achieve greater inclusion of Black South Africans in the accounting profession (Illustration 4.1).

In 1961, the first Black trainee accountant commenced training in practice (Potter, 1978). It was however not until 1976 that the first Black chartered accountant qualified (Hawksley, 1990). By 1986, only 11 Black chartered accountants had qualified (Van Greuning, 1987). The first Black female chartered accountant qualified in 1987 (KPMG, 2013). The CA Eden trust was established by SAICA in 1987 to offer bursaries to selected Black students to enable them to attend university on a full-time basis (TBF, 2006). In 1988, SAICA implemented a Voluntary Employment Code to accelerate transformation. The Code encouraged, but did not compel, accounting firms to recruit Black employees (Cottrell, 1988). The code suggested that Black employees should represent 10% of a firm's trainee accountant work force after a three-year period (ibid). SAICA encouraged firms to demonstrate a commitment to a non-racial society through the development of Black chartered accountants, as failure to do so could jeopardise the future of the profession (ibid). In 1988 SAICA set a target of 1,500 to 2,000 Black chartered accountants by the turn of the century some 12 years later (Makobane, 1988).

In early 1990, President FW de Klerk gave his 'Inauguration of the New South Africa' speech, which signalled that Black South Africans would soon be a major political force and significant participants in the economy. At this stage only 25 Black chartered accountants had qualified (Hawksley, 1990), although most major accounting practices, particularly those with international affiliation, had subscribed to the Voluntary Employment Code and were meeting the targeted intake of 10% Black trainee accountants by 1992 (Hawksworth, 1993). In 1993, SAICA revised the targeted intake of Black trainee accountants to 15% (ibid). Although it is submitted that a significant proportion of the African trainee accountants failed to subsequently qualify as chartered accountants given that 175 Black Chartered Accountants (1% of SAICA membership) qualified by the turn of the century rather than the targeted 1,500 to 2,000. Hammond et al. (2009) attributed the failure of these trainee accountants to qualify as chartered accountants on the education challenges encountered by Black South Africans during and after Apartheid. Given the restriction of access to full-time universities, initially based on race and subsequently based on a lack of property ownership, many Black South

Africans pursued their education through a distance-education program that admitted black students, while working as trainee accountants to fund their studies. This education programme was characterised by independent study and the pass rate in the professional qualifying examination of students completing this programme was about one-third of that of the full-time programs (Hammond et al., 2009).

In keeping with its mandate to 'de-racialize' the South African economy, the state legislated the Employment Equity (EE) Act of 1998. The purpose of this legislation was to eliminate unfair discrimination in the workplace, including accounting firms, and provide for affirmative action targets to correct property ownership imbalances of the past. Citing the need of the profession to adapt to social and economic needs to remain legitimate as a 'truly post-Apartheid organization' and coinciding with the EE Act, SAICA launched its own equity development program to further increase the number of Black chartered accountants (SAICA, 1998).

Slow transformation of the South African workforce continued despite the EE Act. The accounting profession being particularly slow to transform with only 1% Black chartered accountants by the turn of the century (Hammond et al., 2009). The state therefore provided an additional legislative framework for transformation in 2004 namely, Broad-Based Black Economic Empowerment (B-BBEE). The objective of this legislation was to accelerate, broaden and enhance the economic participation and property ownership of Black people in the South African economy. B-BBEE targeted not only Black employment equity but also Black participation in management, equity ownership, skills and enterprise development, and preferential procurement. In terms of the B-BBEE legislation, transformation charters were published and ratified by the state for each sector of the South African economy. These charters represent a particular economic sector's commitment to transformation. A financial services sector charter was developed and came into effect in 2004. The commitments and targets for transformation of this code being binding upon SAICA (Mataboge, 2010).

Year	Event	Black CA's (n)	Source
1961	<i>First Black trainee accountant employed</i>		(Potter, 1978)
1974	Public Accountants and Auditors Board (PAAB) (Now IRBA) established a national board to promote the interests of non-Whites in becoming chartered accountants		(Potter, 1978)
1976	<i>First Black chartered accountant qualified</i>	1	(Hawksley, 1990)
1986	<i>A further 10 Black chartered accountants qualified over a 10 year period</i>	11	(Van Greuning, 1987)
1987	CA's Eden Trust established to offer bursaries to enable Black students to study full time at university		(TBF, 2006)
1987	<i>First Black female chartered accountant qualified</i>		(KPMG, 2013)
1988	Voluntary Employment Code introduced targeting 10% intake of Black trainee accountants		(Cottrell, 1988)
1988	<i>Target set of 1,500 to 2,000 Black chartered accountants by the turn of the century</i>		(Makobane, 1988)
1990	“Inauguration of the new South Africa” speech by state president FW de Klerk	25	(Hawksley, 1990)
1994	<i>First democratic elections in South Africa</i>		
1998	Employment Equity Act legislated by the state to eliminate discrimination in the work place		
1998	SAICA Equity development program launched	141	(SAICA, 1998)
1999	<i>Membership target of 1,500 to 2,000 by the turn of the century not met</i>	175	(SAICA, 1999)
2002	First Thuthuka Education Upliftment Fund project launched to develop numeracy skills of secondary school students	322	(SAICA, 2013)
2003	SAICA commences work on the Chartered Accountancy Profession (CA) B-BBEE Charter	403	(CA Charter, 2011)
2004	Broad-Based Black Economic Empowerment Act promulgated to accelerate, broaden and enhance the economic participation of Black people	483	
2004	Financial services sector BEE charter comes into effect representing this particular economic sector's commitment to transformation (including the CA profession)		(Mataboge, 2010)
2005	Thuthuka Bursary Fund Established to expand on the CA Eden Trust providing financing and other support.	612	(SAICA, 2013)
2010	<i>Membership target of 1,500 to 2,000 by the turn of the century eventually met some 10 years late</i>	1,845	
2011	SAICA implements the Chartered Accountancy Profession (CA) B-BBEE Charter	2,185	(CA Charter, 2011)

State pronouncements highlighted in shaded area, transformation initiatives in regular font type and other matters of interest in italic type.

Table 4.1 Racial transformation of the South African chartered accounting (CA) profession.

In 2003, SAICA responded to the state's development of the B-BBEE Charter for the financial services sector of the South African economy by immediately undertaking the development of, and motivation for, a separate *Chartered Accountancy Profession Sector Code (CA Charter)*. The vision of the CA Charter is (p. 4):

“To grow the number of Black people in the CA profession to reflect the country's population demographics, to empower and enable them to meaningfully participate in and sustain the growth of the economy, thereby advancing equal opportunity and equitable income distribution”.

The CA Charter sets particular transformation targets for the CA profession separate from the generic financial services charter. These targets are, *inter alia*, for Black participation in ownership and management, employment and skills development of Black staff, and preferential procurement from suppliers with appropriate B-BBEE credentials within the chartered accounting profession. The CA Charter took eight years to develop and was approved by the state's department of trade and industry in 2011. The prolonged development of the CA Charter was as result of substantial disagreement in the targets for transformation during the development of the charter. The charter initially proposed targets of 25%, while Black industry players demanded higher targets (Mataboge, 2010). The targets were finally set in the CA Charter as 40% Black participation in senior management (senior audit managers / principal consultants with 5-10 years experience), 50% in middle management (manager, assistant manager or senior consultants with 2-4 years experience) and 60% in junior management (trainee accountants and other consultants).

Recognizing that the pending B-BBEE legislation would necessitate a drastic increase in the number of Black chartered accountants, the *Thuthuka Education Upliftment Fund (TEUF)* was established by SAICA in 2002. Funded, *inter alia*, by the state's skills development funds (including the National Skills Fund⁴⁶ and Fasset⁴⁷) and several private funders, TEUF began as a single provincial project aimed particularly at improving mathematics education among secondary school students in South African, through 'maths development camps' etc. (SAICA, 2013). Over time this grew to 16 projects across South Africa's nine provinces. In 2005, the *Thuthuka Bursary Fund (TBF)* was established as

⁴⁶ The National Skills Fund of the Department of Higher Education funds projects identified as national priorities in terms of the National Skills Development Plan.

⁴⁷ Fasset is the Finance and Accounting Services Sector Education and Training Authority of South Africa established in terms of the Skills Development Act (Act 97 of 1998). The purpose of Fasset is to fund and encourage education and training of employees and future employees in the finance and accounting services sector to address the skills shortage in this sector of the South African economy.

an extensive and individualized support fund that finances selected students' higher education, books, meals, accommodation and a stipend (ibid). Further, higher education institutions receive funding from the TBF to facilitate additional mentorships, lectures, tutorials and life skills training for the selected TBF students (ibid).

Given the slow rate of transformation, despite the interventions, this paper explores SAICA's attempts to manage the post-Apartheid state's perception of the associations' transformation through the lens of impression management and the use of voluntary disclosure of these transformation strategies in the annual report. Annual reports have for some time been regarded as an important medium of communication between an organisation and particular recipients (Neimark, 1992; Adams, Hill and Roberts, 1998; Deegan, 2002), allowing organisations to construct and market a desired image (Preston, Wright and Young, 1996) as a means of impression management (Jeacle, 2008).

4.3 Impression management

“In communicating reality we construct reality.” (Hines, 1988, p. 257)

Impression management refers to “how individuals present themselves to others to be perceived favourably by others” (Hooghiemstra, 2000, p.60). Borrowing the concept of impression management from social psychology (Goffman, 1959), accounting researchers have analysed attempts by corporate reporters to favourably influence or manipulate audiences' perceptions of an organisations' performance (Adelberg, 1979; Neu, 1991; Neu, Warsame and Pedwell, 1998; Crowther, Carter and Cooper, 2006; Solomon et al., 2013). Given that organisational performance often cannot be directly observed, audiences are dependent on management to report thereon. This provides management the opportunity to distort third parties perception or impression of the organisation by manipulating the selection of and the manner in which information is presented to achieve a positive outcome (Osma and Guillamon-Saorin, 2011). In particular, it has been observed that impression management may be to create or restore an organisations' reputation, image or legitimacy as result of inconsistencies between organisational and societal norms, values and ideology (legitimacy theory) and/or in response to public pressure and media attention relating to a controversial matter (stakeholder theory) (Deegan and Underman, 2006).

Impression management can be effected through concealment and attribution (Courtis, 1998; Clatworthy and Jones, 2006; Brennan et al., 2009; Merkl-Davies et al., 2011). Concealment involves the omission of bad news items by management and the promotion of good news items, to present the

organization in a positive light (Dhanani and Connolly, 2012; Leung, Parker and Courtis, 2015). Attribution refers to impression management achieved through the organization taking credit for any successes reported while denying responsibility for any failures through shifting the blame for negative outcomes to external circumstances beyond management's control (Merkl-Davies et al., 2011).

Manipulation of the information presented commonly occurs in discretionary accounting narratives outside the audited reports (Brennan, Merkl-Davies and Beelitz, 2013). In addition to these narratives, visual presentations such as graphs and photographs have also been used to manipulate impressions (Beattie and Jones, 2008; Duff, 2011; Jones, 2011). Visual presentations create a symbolic social reality (Adoni and Mane, 1984, Kyriacou, 2015) rather than necessarily representing an objective reality (Duff, 2011). Manipulation has also involved techniques to report 'good information' with higher readability than 'bad news' (Courtis, 1998; Clatworthy and Jones, 2003).

Impression management may be employed reactively to a negative event to restore reputation, image or legitimacy (Ogden and Clarke, 2005; Craig and Amernic, 2008) and/or proactively to shape perceptions of stakeholders in anticipation of a controversial event (Arndt and Bigelow, 2000; Craig and Amernic, 2004, 2008). Successful impression management results in hegemony – being “the process of influencing the minds of organisational audiences in such a way that they are persuaded to support organisations out of their own free will” (Brennan, Merkl-Davies and Beelitz, 2013, p.9).

The use of voluntary disclosure as an impression management tool to influence audiences' perceptions of profit seeking organisations' financial performance (Clatworthy and Jones, 2001, 2003, 2006; Rutherford, 2003; Courtis, 2004) and social and environmental performance (Hooghiemstra, 2000; Linsley and Kajuter, 2008; Duff, 2015) has been widely reported. The application of impression management to voluntary disclosure by public benefit entities is less explored (Samkin and Schneider, 2010). This study introduces to the literature, through the case of SAICA, the use of voluntary disclosure by professional associations as an impression management tool to influence the state's perception of the association. In particular, this study considers the use of impression management by a professional accounting association to manage the states impression of the association as a professionalisation strategy.

Despite the lack of evidence suggesting the use of voluntary disclosures by professional accounting associations as an impression management tool, the professionalisation literature documents other modes of impression management adopted by the accounting profession. In particular, the use of

professional journals as a means of impression management has been explored (Lee, 1995). Early attempts at impression management by the profession were identified in the UK with the *The Accountant* (1874) and *The Accountants' Magazine* (1897) (Brown, 1905; Garrett, 1961; Howitt, 1966). These journals identified accounting, auditing, tax, legal and business issues affecting professional accountants. They provided a means of publicising and criticising the accountancy body of knowledge, and the elite accountants developing and teaching it (Kitchen and Parker, 1980). Later the use of the *Journal of Accountancy* to demonstrate and promote the 'knowledge base of accountancy, and the intellectual leadership of the US profession' was explored (Carey, 1969; Previts and Merino, 1979). In South Africa, Hammond Clayton & Arnold (2012) provided evidence of the professions use of the South African profession's journals to portray the 'earnest attempts of the South African profession to incorporate South Africans from the majority races'. This portrayal was then contradicted by the first hand accounts collected from Black South Africans who were the object of those supposed 'earnest efforts at inclusion' (Hammond et al. 2009).

Other means of impression management employed by the accounting profession take a physical form and range from the founding libraries as depositories of accountancy knowledge (Brown, 1905; Garrett, 1961; Howitt, 1966; Carey, 1969) to the erection of magnificent buildings on key city sites (Brown, 1905; Garrett, 1961; Howitt, 1966; Macdonald, 1989).

4.4 Method

Content analysis (Weber, 1990; Guthrie et al., 2004; Krippendorff, 2013) was employed to explore the voluntary disclosure in the annual reports of SAICA for the period 2002 - 2009. Content analysis as a research method allows the capture and analysis of empirical data to describe the content and level of communication (O'Neill, McDonald and Deegan, 2015). The necessary annual reports were obtained from SAICA's website. A review of the annual reports for the years 2002 - 2009 reflected that the chairman's and executive president's reports were commonly employed for narrative disclosure (Table 4.2). In 2004 - 2005, SAICA presented sustainability reports or other voluntary narrative reports possibly in response to the King II Code of Corporate Governance, which introduced sustainability reporting to the South African corporate reporting environment. The voluntary disclosure analysed comprised of a total of 42 336 words, 17 graphs and 60 photographs.

2002	2003	2004	2005
Executive President's Report	Executive President's Report	Chairman's Report	Chairman's Report
		Executive President's Report	Executive President's Report
		Corporate Social Investments Statement	Sustainability Report
		History	25 Years of Success
		SAICA Strategy	SAICA Strategy
		Operational Report	
2006	2007	2008	2009
Chairman's Report	Chairman's Report	Chairman's Report	Chairman's Report
Executive President's Report	Executive President's Report	Executive President's Report	CEO's Report

Table 4.2 Voluntary disclosure.

An interrogation instrument was developed to codify, in a replicable manner, the qualitative information to derive patterns in reporting of information (Guthrie and Abeysekera, 2006; Haque and Deegan, 2010). The instrument required the capturing of electronic word counts and manual graph and photograph counts per component of the annual report containing voluntary disclosure. Further, the statements pertaining to transformation were reproduced verbatim. The interrogation instrument therefore inquired into both extent and importance (O'Neill et al., 2015) without weighting the resultant scores (Ryan, Stanley and Nelson, 2002; Tooley and Guthrie, 2007; O'Neill et al., 2015). To ensure the reliability of the content analysis, multiple coders were used and any discrepancies resolved verbally (Milne and Adler, 1999). Coders were trained on a pilot sample of one annual report to ensure that coding decisions were at an acceptable level (Abeysekera, 2006). Further, the coders were provided with a list of terminology specific to transformation of the accounting profession, as contained in the glossary of transformation terms in the CA Charter (Appendix 1). The coders continually updated this list with transformation-related terms identified during their reading of the annual reports. Any additions were discussed amongst the coders prior to inclusion in the list of terms.

A research instrument was also developed to assess the visual imagery (graphs and photographs). This instrument represented a scorecard documenting the frequency with which transformation of the profession and Thuthuka are depicted. The analysis of the graphs and photographs was based on the text contained therein or the caption thereto. In the absence of a caption, the photographs were inspected for the racial profile of those depicted as representation of transformation. Similar to Duff (2011) the analysis of the visual imagery was grouped into photos or graphs featuring (i)

Transformation and (ii) Thuthuka. The scorecard also provided a brief description of the photo and noted the inclusion of an actor of the state (Kyriacou, 2015).

4.5 Results

For the period 2002 - 2009, a total of 10,183 words, 10 graphs and 41 photographs were used to disclose information pertaining to the transformation of the accounting profession in South Africa. This represents 24% of the total voluntary narrative disclosure, 59% of the graphs and 68% of the photographs.

4.5.1 Voluntary narrative disclosure

Trend analysis of the use of voluntary transformation-related narrative disclosure in the annual reports for 2002 - 2009 is presented in Illustrations 4.3 and 4.4. This disclosure was limited to 18% of the text for each of the periods 2002 (579 words) and 2003 (740 words) respectively. In this text, SAICA acknowledged the importance of transformation as “*vital for the legitimacy of the profession*” and that the association was committed to playing “*a leadership role in facilitating transformation of the profession*”. The importance of the ‘regulatory bargain’ to the association is also evident in 2002 and 2003. On the first page of the executive president’s seven page report in 2002, it is stated that the association has “*built its credibility with government through ongoing contact and the display of genuine desire to deal with issues, and has been able to play a meaningful role in helping to establish the structures aimed at solving the problems*”. During this period (2002 – 2003) SAICA launched the TEUF and commenced development on the CA Charter in anticipation of the enactment of the states B-BBEE legislation, promulgated in 2004.

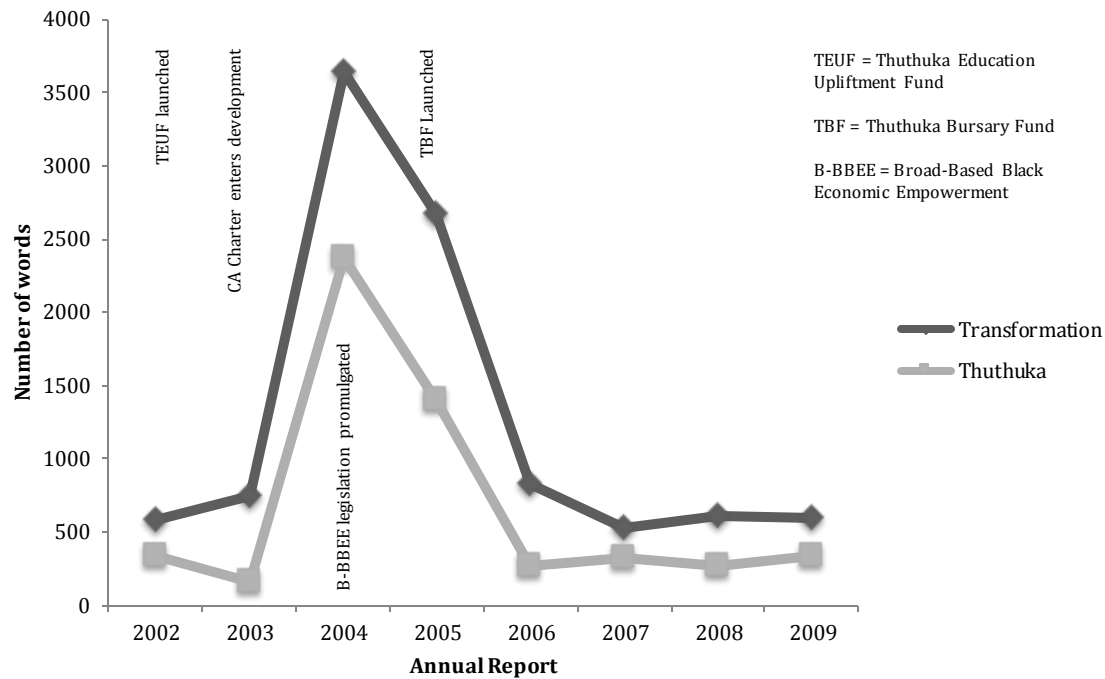


Illustration 4.3 Number of words used in voluntary narrative disclosure in respect of total transformation disclosure and the Thuthuka component thereof.

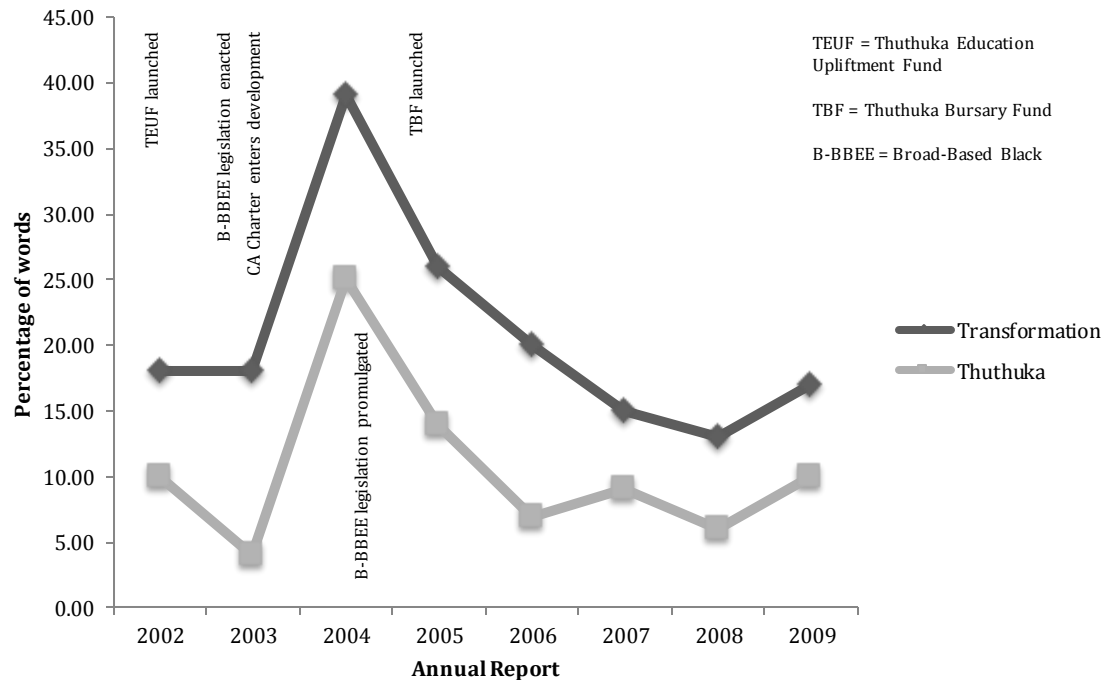


Illustration 4.4 Percentage words of total voluntary narrative disclosure in respect of total transformation disclosure and the Thuthuka component thereof.

Coinciding with the promulgation of the B-BBEE legislation the extent of voluntary narrative disclosure drastically increased in 2004 (9,429 words) and 2005 (10,170 words). In 2004, 39% (3,640 words) and in 2005, 26% (2,674 words) of the narrative made reference to transformation. To facilitate this increased narrative, the annual reports for 2004 and 2005 expanded beyond the executive president's report to include a chairman's report, corporate social investment or sustainability statement, history component, strategy component and operational report (Table 4.3) before returning to the status quo of the chairman's and executive president's report for the period 2006 - 2009 and the voluntary disclosure stabilizing below 20% over this period.

Component of the Annual Report	Total word count per component	Number of words: transformation-related	Transformation as percentage of total words	Number of transformation-related words referring to Thuthuka	Thuthuka-related words as percentage of transformation-related words
2004					
Chairman's Report	892	222	25%	163	73%
Executive president's Report	1730	500	29%	300	60%
Corporate Social Investments Statement	593	491	83%	246	50%
History	634	152	24%	21	14%
SAICA Strategy	427	77	18%	62	81%
Operational Report	5153	2198	43%	1584	72%
	9429	3640	39%	2376	65%
2005					
Chairman's Report	922	209	23%	113	54%
Executive President's Report	2885	621	22%	235	38%
Sustainability Report	1744	696	40%	175	25%
25 Years of Success	675	121	18%	51	42%
SAICA Strategy	3944	1027	26%	829	81%
	10170	2674	26%	1403	52%

Table 4.3 Voluntary narrative disclosure by component of the annual report for 2004 and 2005.

In 2004, SAICA used the 'Operational Report' to highlight the 'good news' of the association's commitment and actions towards transformation (2,198 words). Analysis of the content thereof revealed that 72% of this disclosure (1,584 words) discussed Thuthuka. In 2005, the year in which the TBF was launched, 81% (829 words) of the 'SAICA Strategy' component of the annual report discussed Thuthuka. Voluntary narrative disclosure pertaining to Thuthuka comprised 54% (5,471

words) of the voluntary narrative disclosure of transformation over the entire period under review. The trend line for Thuthuka-related narrative disclosure (Illustrations 4.1 and 4.2) therefore largely mirrors that of the transformation-related disclosure. Only in two instances (2003, 21%; 2006, 32%) did the disclosure pertaining to Thuthuka represent less than 40% of the voluntary narrative disclosure of transformation. In both instances (2003 and 2006) these were the years following the introduction of a Thuthuka initiative (2002: TEUF and 2005: TBF). Conversely, on 4 occasions (2002, 60%; 2004, 65%; 2007, 61%; 2009, 65%) the Thuthuka-related voluntary narrative disclosure exceeded 60% of the transformation-related narrative.

4.5.2 Graphs and photographs

Trend analysis of the use of graphs and photographs in the voluntary disclosure in the annual reports for 2002 - 2009 is presented in Illustrations 4.3 and 4.4. The use of graphs and pictures in 2004 (graphs (n=7) and photographs (n=8)) and 2005 (graphs (n=7) and photographs (n=22)) coincided with the use of sustainability and other narrative disclosures, coinciding with the enactment of the B-BBEE legislation and the launch of the TBF. The majority of the graphs (n=7) and photographs (n=5) presented in 2004 are positioned in the 'Operational Report'. One of the graphs (14%) depicts transformation and presents the difference in the "Average Thuthuka vs. the non Thuthuka results by subject and grade for 2004 at Thuthuka Schools". Three of the photographs (60%) depicted transformation. Two of these photographs depicted Black students' joy at passing the professional examination (Image 4.1), while the third depicted the state's Minister of Labour greeting learners from a school supported by the TEUF (Image 4.2).

The majority of the graphs (n=5) and photographs (n=9) presented in 2005 were positioned in the 'SAICA Strategy' report. The graphs were used to depict transformation through reporting the membership statistics over time of the African, Mixed-race and Indian members, the pass rates in the 2005 professional examination for all population groups and SAICA's own internal employee and management transformation. Four of these photographs depicted Thuthuka, including photographs depicting the state's Minister of Science and Technology seated amongst TEUF learners (Image 4.3) and another depicting the minister of labour speaking at the Thuthuka launch in KwaZulu-Natal (SAICA Annual Report 2005, p.11).



Image 4.1 Black students' joy at passing the professional examination (Source: SAICA Annual Report 2004, p. 25)



Image 4.2 Minister of labour, Membathisi Mdladlana, greets Thuthuka learners at the project's launch in Limpopo in October 2004. (Source: SAICA Annual Report 2004, p. 23)

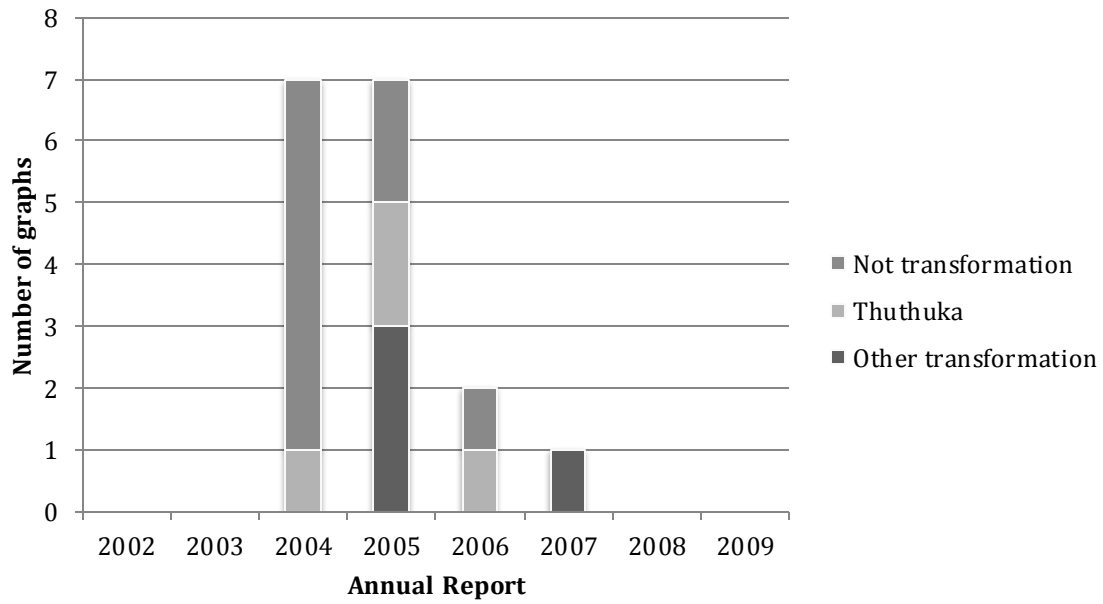


Illustration 4.5 The use of graphs in the voluntary disclosure.

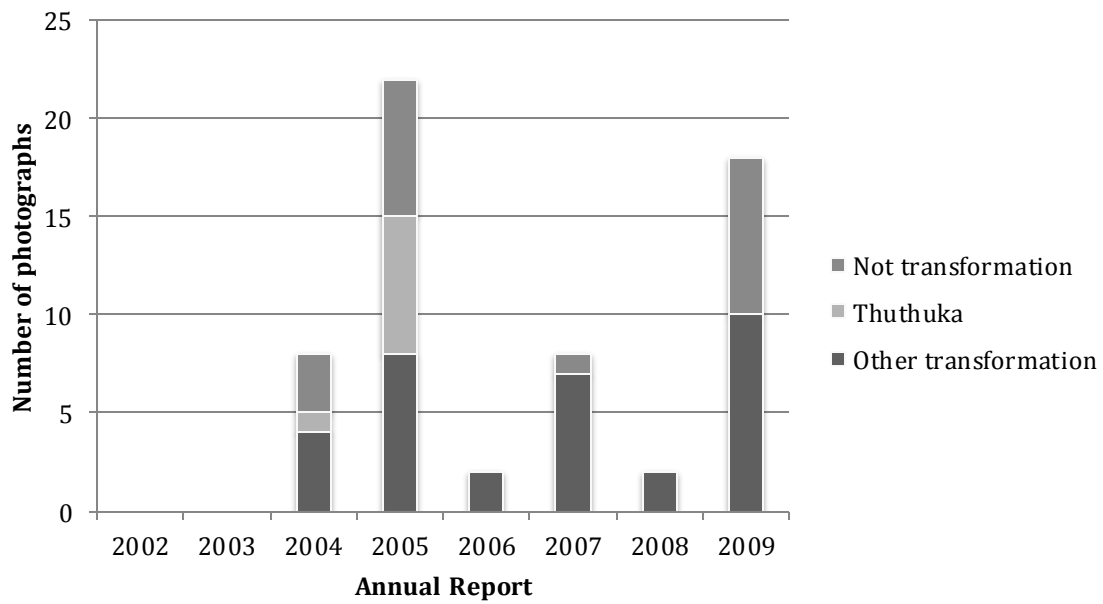


Illustration 4.6 The use of photographs in the voluntary disclosure.



Image 4.3 Deputy Minister of Science and Technology, Derek Hanekom with Thuthuka learners at a development camp. (Source: SAICA Annual Report 2005, p. 33)

The use of graphs to depict transformation diminished over the remaining period in line with the decreased narrative disclosure (Illustration 4.3). It is submitted that, given the transformation trends reported (Illustration 4.2) and the continued slow pace of transformation, despite the transformation initiatives, any graphs or extensive narrative on transformation may not have been flattering and may have been largely omitted by SAICA from the annual reports as ‘bad news’ items. The presentation of photographs to depict transformation however continued, particularly in 2007 (n=7 of 8; 88%) and 2009 (n=10 of 18; 56%). In 2007, these photographs were more generic in nature and depicted professionals, particularly Black professionals, in staged settings rather than actual events as was the case in 2004 and 2005 (Image 4.4). The first transformation image presented in the annual report for 2007 (Image 4.4) is particularly striking in the dominance of a black female with the white audience blurred into the background. This may have been a case of attempting to present the associations’ racial transformation in a positive light while omitting ‘bad news’ information pertaining to the slow pace of transformation.

The King III Code of Corporate superseded King II in 2009, and coincided with the increase in the use of photographs (n=18) in that year. King III, as a precursor to the introduction of integrated reporting in 2010, encouraged the integration of sustainability information into financial reports as a whole rather than as separate reports. In 2009, the annual report contained an analogy of the determination to succeed as a profession to that required by the participants in a famous South African canoe race – the Dusi Canoe Marathon. The photographs presented in this instance were a mixture of professionals in a staged business setting and of canoe racers. Ten of the photographs depicted Black people.



Image 4.4 Black professional in staged settings (Source: SAICA Annual Report 2007, p. 2).

4.6 Discussion and conclusion

Impression management is an intrinsic part of the professionalisation process (Lee, 1995). While professional accounting associations attempt to outwardly appear to act in the ‘public interest’, they are in fact pursuing self-interested exclusionary closure of a market for services. Impression management by the accounting profession has been achieved, *inter alia*, through the use of professional journals (Brown, 1905; Garrett, 1961; Howitt, 1966; Kitchen and Parker, 1980; Carey, 1969; Previts and Merino, 1979 and Hammond et al. 2012). Despite evidence of the use of the South African accounting profession’s journals between 1965 and 2000, to manage impressions of the profession’s transformation attempts (Hammond et al. 2012), SAICA stated in its annual report in 2002 that the state’s impression of the transformation of the profession was not satisfactory and that the profession needed to demonstrate that it was in fact transforming. As an alternate to professional journals, accounting researchers have identified the use of corporate reports as an impression management tool to favourably influence or manipulate audiences’ perceptions of an organisation (Adelberg, 1979; Neu, 1991; Neu, Warsame and Pedwell, 1998; Crowther, Carter and Cooper, 2006; Solomon et al., 2013). However, this has not yet been extensively explored in the context of public-benefit entities (Samkin and Schneider, 2010). The purpose of this paper was therefore to explore through the lens of impression management, how SAICA, as dominant accounting association in South Africa, may have used voluntary disclosure in its annual reports for the period 2002 - 2009 as a possible method of managing the post-Apartheid state’s perception of the association. Content analysis was employed to capture and analyse empirical data from the association’s annual reports for

the period 2002 - 2009. A significant portion of the voluntary disclosure, whether narrative, graphs or photographs, for the period 2002 - 2009, was dedicated to transformation.

In reality, transformation of the accounting profession has not proceeded at a significant pace in the two decades since the end of Apartheid. While exclusion on the basis of race ended in 1994, tacit exclusion from the accounting profession on the basis of Black South Africans' deprived property ownership, continues to limit their access to the quality education needed to become a chartered accountant (Hammond et al., 2009; Sartorius and Sartorius, 2013). While the state has endeavoured to redress imbalances between Black and White property ownership through various mechanisms including Black Economic Empowerment, South Africa remains one of the most unequal societies in world. In 2011, South Africa's Gini coefficient ranged from about 0.660 to 0.696 (StatsSA, 2014^b). The Gini coefficient is the measure of income inequality, ranging from 0 to 1, where 0 is a perfectly equal society and a value of 1 represents a perfectly unequal society. The highest inequality is evident for the Blacks (0,55) compared to the Whites (0,42). SAICA has made several apparent attempts to assist Black students with bursaries and other support, in particular the Thuthuka project (Barac, 2015). Despite these efforts the demographic profile of SAICA's membership (Illustration 4.2) still falls short of the country's demographic ratios (Illustration 4.1). Further, over the period illustrated (Illustration 4.2) White membership increased by 10,656 members, while Black membership increased by 3,506, and Mixed-race and Indian membership increased by 1,103 and 3,242 members respectively.

While the published intention of Thuthuka, and the TBF in particular, is to make a tangible contribution to changing the demographic profile of the profession in South Africa, after the first decade thereof the number of TBF students entering the profession remains small and may require significant expansion. The contribution of Black TBF students to the increased number of Black students qualifying as chartered accountants is only 3% (n=117) of the Black chartered accountants registered with SAICA and only 0.3% of the total membership (SAICA, 2015^{b, c}). The number of TBF students qualifying as chartered accountants appears inadequate to achieve racial parity or proportional representation of the broader societal demographics (Illustration 4.1) or to meet the targets of the CA Charter.

In contrast, the perception of the profession's transformation attempts appears more favourable than the reality and the 'success' of Thuthuka is widely acknowledged (SAICA, 2013). SAICA acknowledges that 'good news' stories pertaining to Thuthuka have resulted in favourable public relations media coverage (276 articles) for the period January to June 2012 worth an estimated R6.5

million (US\$ 650 000) (SAICA, 2013). Acclaim for Thuthuka stretches even beyond South Africa. The chief executive of the Institute of Chartered Accountants of Scotland, for example hailed Thuthuka as a “fantastic initiative” (Colella, 2013) that has “had a very positive impact on the demographics of the profession” (World Bank, 2013, p.22). The pass rate of Black TBF students has often been heralded in the public domain (Mtongana, 2008; Fin 24, 2010; IOL, 2010; Munday, 2010; Pickworth, 2014) and recognised for being greater than the Black non-TBF students’ pass rate (SAICA, 2013). In September 2005, in his column in the *ANC Today* publication following his address at SAICA’s 25th anniversary dinner, the second democratically elected Black State President, Thabo Mbeki, made the following hegemonic statement (emphasis added):

*“... one out of 43 CAs is black – suggesting that transformation of the accounting profession has lagged the progress made by sectors such as the financial services industry – **not that it is not trying**. Indeed, a serious effort is being made to address this challenge. For instance, SAICA, together with the Association for the Advancement of Black Accountants of Southern Africa (ABASA) and the Public Accountants and Auditors Board (PAAB), is running the skills development Thuthuka Project, which includes the Thuthuka Bursary Fund.”*

More recently, in March 2014 at the Human Resources Development Council Summit⁴⁸ (HRDC), South Africa’s Deputy President, Kgalema Motlanthe said:

“... agreement has been reached amongst the various professions, including engineering, the health profession, social work, and few others to explore the implementation of a model similar to the Thuthuka Programme in their respective fields. Thuthuka has achieved tremendous results in expanding access to the field of chartered accountancy. The role of the South African Institute of Chartered Accountants has been an example worth emulating by other professions.”

⁴⁸ The Human Resource Development Council of South Africa (HRDCSA) is an advisory body under the leadership and stewardship of the office of the Deputy President of South Africa. One of the Council’s key responsibilities is to build the human resource development base required to ensure a prosperous and inclusive South African society and economy, focusing on the development of strategy and the creation of a platform where social partners can engage to find ways to address bottlenecks in the development of human resources and skills in South Africa (HRDCSA, 2015).

At the same event the Minister of Higher Education and Training, Dr Blade Nzimande, also requested SAICA to use the TBF model to target priority professions such as actuarial science, engineering, medicine and education as part of South Africa's Human Resources Development plan (SAICA, 2014^b). At the time of these statements SAICA reported that 2 500 students had been supported by TBF in the 10 years since its launch. Only 46 (2%) had completed the professional examinations and registered as CAs(SA) or were in the process of registering. A further 49 (2%) had passed the professional examinations and only needed meet their training obligations to register.

Therefore, there appears to be a disconnect between the reality and the perception of the transformation of the profession. In 2002, recognising the state's growing impatience with the lack of transformation, SAICA appears to have responded with extensive voluntary disclosure of its transformation attempts, particularly Thuthuka. It is submitted that this may have been an attempt to prospectively shape the state and other stakeholders' perceptions of the association's transformation, in anticipation of the challenges of the more onerous transformation targets of the B-BBEE legislation and the CA Charter. Given the favourable perception of the transformation of the profession, and the Thuthuka programme in particular, SAICA appears to have been successful in managing the state's and other stakeholders' impression of its transformation initiatives over the period under review. While difficult to establish a clear and irrefutable causal relationship between the voluntary narrative disclosures, and this favourable perception, it is clear that SAICA has dedicated a significant portion of its annual reports to transformation-related disclosures. In addition to these increased disclosures SAICA has attempted impression management through its professional journal (Hammond et al., 2012). Further, SAICA may not have acted alone in impression management for the accounting profession. In 2004, coinciding with the increase in voluntary disclosure by the profession, one of the major public accounting firms published an edited collection of oral histories entitled *Experiences in Transformation: Work in Progress* (Schneider and Westoll, 2004). Hammond, Arnold and Clayton (2007, p. 273) describe this publication as, "an attempt to put the past behind and start anew in acknowledging a difficult past while extolling the firms progress towards rectifying past wrongs and encouraging the transition to a multiracial firm".

In conclusion, the value of Thuthuka to the profession over the period reviewed (2002 - 2009) may have been the initiative's impression management value, rather than tangible contribution to redressing the membership numbers over the period under review. While SAICA appears to have had some success in managing the state's and other stakeholders' impression of its transformation initiatives over the period under review (2002 - 2009), some stakeholders appear to be growing less patient with the reality of the profession's transformation:

“... growth of such a critical profession, without concomitant growth in the number of Black Chartered Accountants, undermines this progress. We call for SAICA to work closer with ABASA to address this imbalance with even more vigour as we enter the third decade of our democracy. Improvement of the number of black CAs should not only be used as a means and ways to accumulate BEE points but it should demonstrate their role to produce well trained black skills in accounting and auditing.” (Press Statement: Black Management Forum⁴⁹ (Maweni, 2013)).

⁴⁹ The Black Management Forum presents itself as organisation that builds confidence and capacity amongst black managers by providing a support structure that facilitates their integration into a business environment which is often hostile and unsupportive.

4.7 References

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Appendix 4.1: Checklist of terminology specific to transformation of the accounting profession

The following is a list of terms that form the substance of the content analysis of the annual reports:

Affirmative action

African (Black South Africans)

Association for the Advancement of Black Chartered Accountants (ABASA)

Black Designated Groups

Black Economic Empowerment (BEE)

Black Entrepreneurship Programme

Black Enterprise Development

Black Firm

Black New Entrants

Black Owned

Black People

Black Professional Service Provider

Black Woman

Broad-Based

Broad-Based Black Economic Empowerment (B-BBEE)

CA Charter

Demographics

Eden Trust

Employment Equity (EE)

Historically disadvantaged

Hope Factory

Race

Social inequalities

The Generic Score Card

Thuthuka

Thuthuka Education Upliftment Fund (TEUF)

Thuthuka Bursary Fund (TBF)

Transformation

Transformation charters

CHAPTER 5

CONCLUSION

5.1 Introduction

South African society is characterised by various forms of exclusionary closure. The Apartheid era was characterised by social exclusion based on property ownership and race (Hammond et al. 1994). Flowing from these primary modes were secondary forms of social closure achieved through education and language (Murphy, 1984, 1988). In 1994 Apartheid was formally abolished. The legacy created by the racial segregation during Apartheid however continues to manifest itself tacitly in society. In many communities, class inequity and urban segregation remains unchanged with the black populace, in general, remaining at a significant disadvantage in terms of capital ownership (Sartorius and Sartorius, 2013). As result the many Black students are unable to gain access to a high quality education. Instead they are educated in former Bantu education schools that are still characterised by a shortage of teachers⁵⁰, poorly trained teachers, overcrowded classrooms, a perpetual lack of funding⁵¹, lack of support programs, weak parent-teacher bodies and little community support (Van der Berg, 2007; Hammond et al., 2009; Jansen, 2011; Lam, Ardington and Leibbrandt, 2011). Through the state's restructuring of the secondary school curricula and final school leaving assessment many of these students are however still able to gain entry to higher education despites being inadequately prepared. Their compromised position in higher education is further compounded by language barriers. Although these students may be able to study in their African home language at these schools, higher education is only available in English or Afrikaans. This results in the challenge of learning in a second language (Janse van Rensburg, Coetzee and Schmulian, 2014). Consequently, it has been reported that 55% to 70% of students registered for accounting first degrees and 45% to 55% of students registered for accounting honours programmes fail to successfully complete these programmes are excluded from the accounting profession (FASSET, 2008).

⁵⁰ The pupil-teacher ratio of the former Bantu schools is 31:1, compared to only 24:1 for the former White schools (Bhorat and Oosthuizen 2008).

⁵¹ In addition to state funding, schools in more affluent former White areas are able to raise additional funds, through the collection of school fees from affluent parents and guardians. Consequently, these schools generally continue to be better resourced than the former Bantu schools located in the poorer townships areas. On average the former Bantu schools have 0.54 desks per learner compared to 0.91 desks per learner in former White schools (Bhorat and Oosthuizen 2008). Further, the poorest Bantu schools have approximately 35 library books and 2 PC's, while the former White schools have in excess of 4000 library books and 35 PC's (SACMEQ 2011).

5.2 Social closure theory

Given the social exclusions evident in South African society, the theoretical framework for this thesis is Murphy's (1984, 1988) interpretation of Max Weber's theory of social closure (Weber 1946). Social closure theory represents Weber's general framework for understanding the various forms of exclusion and social stratification evident in society (Larson, 1977; Larkin, 1983). In capitalist societies, despite apparent free competition, economic power is collectively held by the owners of property. Consequently, property ownership is the primary mode of exclusion in these societies (Murphy, 1984, 1988). The primacy thereof lies in the notion that access to education and credentials are often derived from the ownership of property. Access to elite schools and possession of appropriate social competencies is contingent on capital wealth (Hammond *et al.*, 2009; Coetzee *et al.*, 2014). Therefore, although Parkin (1979) asserted that dominated social groups are able to counter 'exclusionary' tactics through education, such countering by dominated groups appears problematic (Murphy 1988). The lingering effects of Apartheid in South Africa offer evidence thereof. Even though the collectivist criteria of race, for social exclusion in South Africa, may have been abandoned, this criterion continues to operate indirectly, as the Whites continue to be advantaged by capital and property accumulated through their head start in the market and education system during Apartheid (Murphy, 1988; Hammond *et al.* 2009).

Against the background of social exclusion in South Africa, this thesis investigated contemporary challenges, evident during the pathway to professional qualification, related to the critical shortage of accounting professionals in South Africa. In particular, this thesis considered:

- the identification, with due consideration given to the the social exclusions and ideological challenges of South African society, of students, for selection into accounting education programmes, with the latent ability to successful complete these programmes and in so doing maximise the throughput of students to the profession, to combat the shortage of accounting professionals (Chapter 2: Research Paper 1);
- students from different demographic groups choice, made early in their university education, of the professional accounting association with which they intend to undertake work place training and ultimately become a member of, and the attributes of the association that were most influential in the students' choice of association (Chapter 3: Research Paper 2); and

- the racial transformation of the accounting profession and a professional accounting association's management of the state's impression thereof through the use of a professional associations annual reports (Chapter 4: Research Paper 3).

5.1 Maximising throughput of students to the profession

The shortage of accounting professionals resulted in the profession and the state placing pressure on South African accounting education programmes⁵² to increase the number of graduates to the profession (SAICA, 2008; DHET, 2011, Venter and de Villiers, 2013). Given the opening of access for the admission of students from the Black majority to the former White-only universities, accounting education programmes were able to increase student intakes, largely from the previously ignored Black populace, in an attempt to increase the number of graduates (SAQA, 2007). Graduate numbers, however, did not increase proportionally to the increased student intakes (SAIRR, 2009), as many of the students admitted from the Black communities are inadequately prepared for university and failed to graduate (FASSET, 2008). The Black students lack of success in graduating may be symptomatic of the compromised education that some continued to receive from previously disadvantaged Black schools (Van der Berg, 2007; Hammond et al., 2009; Jansen, 2011; Lam, Ardington and Leibbrandt, 2011; Sartorius and Sartorius, 2013, Coetzee et al., 2014). This lack of success results in the Black students' tacit exclusion from the profession on the basis of their restricted access to a secondary school education of the quality necessary to become a chartered accountant (Murphy 1984, 1988, Hammond et al. 2009). Complicating matters is that despite the compromised secondary school education these students are not excluded from university as they achieve the entrance requirement necessary, based on the final national school assessment, raising doubts as to the reliability of the final school assessment in South Africa as predictor for academic success at university (Yeld and Hendry, 2002; Yeld, 2005; Foxcroft and Stumpf, 2005; Jansen, 2009; SAIRR, 2009). To assist universities in the selection of students, models to predict whether, or not, the student will graduate were developed, adopting a biodata approach. These models focused on the case of recent graduates from the accounting education programme at a SAICA accredited university⁵³. While it is important that the developed models identify students with the best latent

⁵² In its role as an Education and Training Quality Assurer (ETQA) and in terms of its current standing with the Independent Regulatory Board for Auditors (IRBA), SAICA accredits certain programmes specifically designed to allow access to the professional qualifying examination. Currently 15 of South Africa's leading universities hold such accreditation (SAICA, 2012).

⁵³ The institution's name has been withheld for confidentiality purposes. The institution is a top provider of graduates to the profession. Furthermore, the challenge of significant student attrition, in line with the national averages reported above, is faced at this institution.

potential to complete these programmes are admitted, the social exclusions in South African society and the ideological challenge of redressing past inequalities and exclusions cannot be ignored in the decision to admit a student or not. The models accordingly must be interpreted against this background of social closure and the ideological challenge of the racial transformation of all aspects of South African society.

Although accounting education research in this respect has been conducted, particularly in the UK (Harvey-Cook 1995; Gammie 1999; Gammie et al. 2003), biodata results are not generalizable beyond the context of the specific study. This paper therefore contributes to the existing literature by developing estimated models to predict students' success in completing accounting education programmes, within the context of a dual medium university, offering instruction in Afrikaans and English, situated in a developing country.

Based on the evidence presented in this thesis, the minimum admission criteria may require reconsideration. Raising the admission requirement may, however, result in the exclusion of several Black students. Such exclusion may appear contrary to the need to transform the profession by increasing the number of Black chartered accountants in South Africa. However, it may be prudent, on the basis that limiting the intake to those with the greatest latent potential, may allow the reallocation of the limited resources to focus on offering intensive support to those Black students who demonstrate the greatest potential to graduate. This may ultimately contribute to alleviating the shortage of professional accountants and the racial transformation of the profession in South Africa. In addition, those students excluded from the Chartered Accounting education programme on the basis of increased admission criteria, should be appropriately counselled as to these alternative pathways to the profession that have less onerous education requirements. Should they successful pursue these routes this may further alleviate the shortage of accountants in South Africa and encourage greater diversity of accounting association in the market for professional accounting services. Future research, considering models for predicting completion of the degree in the minimum time allowed, may also prove valuable in minimising the costs, to both the university and the student, of the degree being extended beyond the minimum time period.

The focus on model development for student selection in a SAICA-accredited programme, given that this is the programme in which the majority of accounting majors are enrolled, is an acknowledgment of the exclusionary closure SAICA has achieved of the market for professional accounting services and accounting education in South Africa. SAICA has succeeded in populating the faculty of South African accounting departments with SAICA members, who through their professional identity not

only institutionalise the universities and their education programmes (Venter and de Villiers, 2013) but also their students. Consequently, SAICA may be stifling the ability of other associations to offer alternative pathways to the profession which could assist in alleviating the shortage of professional accountants (Quarshie, 2010).

Diminished legislative support by the state for SAICA in 2008 has provided competing associations the opportunity to gain a foothold in the market for professional accounting services. To benefit from these corporate law amendments, associations challenging SAICA must recruit sufficient numbers of students as future members (Larson, 1977; Collins, 1990; Inglis et al., 2011). Further, these associations lower entrance requirements, in contrast to SAICA, may afford Black students, who have been tacitly excluded from the profession by SAICA on the basis of property ownership and access to quality education, greater opportunity to gain entry to the profession. This thesis therefore explored students from different demographic groups choice, made early in their university education, of professional accounting association with which to undertake work place training and ultimately become members of. This exploration considered students across the various pathways to the profession offered by a South African university.

5.2 *Students' choice of association*

SAICA remains the students' preferred choice of accounting association, regardless of the students' gender or population group. To provide the competing associations with insight into the students' decision to join a professional accounting association, this thesis explored the attributes of a professional accounting association that were most influential in the students', from different demographic groups, decision to join an association.

The results indicate that there is little differentiation in the attributes that influence the students' decision to join a particular professional accounting association. Therefore, the respondent students appear to hold a collective view of the accounting profession. This finding is aligned with existing literature in Australia that has made similar observations (Inglis et al. 2011; Sidaway et al. 2013). This thesis extends the literature by exploring for differences in the importance of the attributes in the students' decision between different population groups, gender and education pathways. The collective view of the profession was found to not be particular to any specific demographic group.

While the students' collective view of the profession may be hampering competing associations' attempts to position themselves as alternative brands to SAICA within the market for professional

accounting services, this thesis raised the question as to the alignment or not between the information needs of the students in their decision to join an association and the information provided by the associations. Content analysis of the association's student or new member information web page was performed to provide insight into the information provided by the associations. Only ACCA appears to be targeting the key attributes influential in the students' decision to join an association. However, despite this apparent marketing advantage, there remains little interest by the respondents in ACCA in South Africa. Therefore, it appears that for as long as the universities in South Africa are colonised by SAICA, competitors may fail to make any meaningful contribution to the segmentation, development and expansion of the broader accounting profession in South Africa.

Given that the tacit exclusion of Blacks from the SAICA, as dominant accounting association, may be compounding the challenge of a shortage of professional accountants. The competing associations, through their lower and/or more flexible education requirements are ideally positioned to allow Black South Africans alternative pathways to the profession. ACCA and SAIPA should therefore consider promoting the attribute of *ease of becoming a member of the association* in their recruitment campaigns to highlight to Black South Africans the alternative pathways to the profession they offer these students.

Further qualitative analysis, such as interviews with students, is encouraged to provide greater illumination and understanding of the students' continued preference for SAICA. Further, future research may also consider the students', who intend joining SAICA for example, evaluation of ACCA and SAIPA and *vice versa*.

5.3 Transformation

A report by the World Bank in 2003 highlighted that the slow transformation of the profession may be complicating the critical shortage of qualified professional accountants in post-Apartheid South Africa. While exclusion on the basis of race ended in 1994, tacit exclusion from the accounting profession on basis of Black South Africans deprived property ownership continues to limit their access to the quality secondary school education needed to become a chartered accountant (Hammond et al. 2009). During the first decade of democracy, SAICA made several apparent attempts to support Black South Africans in overcoming the lingering effects of Apartheid and in so doing transform the profession with little tangible results. Despite Blacks representing 90% of the South African population, at the turn of the century only 175 Blacks were members of SAICA, while White membership stood at 17 891 (SAICA, 2014). Given the transformation challenges, SAICA stated in

its annual report for 2002 that the government perceptions about the profession and the racial transformation thereof were not satisfactory and that SAICA needs to change those perceptions to maintain legitimacy with the state. Where entities seek to change stakeholder perceptions, accounting researchers have identified the use of voluntary disclosure as an important tool to influence stakeholders' impression of an entity (Adelberg, 1979; Neu, 1991; Neu, Warsame and Pedwell, 1998; Crowther, Carter and Cooper, 2006; Solomon et al., 2013). This study introduces to the literature, through the case of SAICA, the use of voluntary disclosure by professional associations as an impression management tool to influence the state's perception of the association. Content analysis (Weber, 1990; Guthrie et al., 2004; Krippendorff, 2013) was employed to explore the voluntary disclosure in the annual reports of SAICA for the period 2002 - 2009.

SAICA's use of voluntary disclosure in its annual reports was reactive to the state's impression of the slow transformation of the profession and included voluntary transformation-related disclosure. Further at this time SAICA launched its key transformation strategy, Thuthuka. Within the voluntary disclosure, SAICA made extensive reference to transformation of the profession and in particular Thuthuka. In reality though Thuthuka has had limited tangible success in transforming the profession and supporting the development and education of future Black chartered accountants in its first decade of implementation. The perception of the professions transformation though appears to be more favourable than the reality. The perceived 'success' of Thuthuka in particular is widely acknowledged locally (SAICA, 2013) and internationally (Colella, 2013). There is therefore a disconnect between the reality and the perception of the transformation of the profession. Given the favourable perception of the transformation of the profession, and the Thuthuka programme in particular, SAICA appears to have been successful in managing the state's and other stakeholders' impression of its transformation initiatives over the period under review. While difficult to establish a clear causal relationship between the voluntary narrative disclosures and this favourable perception, it is clear that SAICA has dedicated a significant portion of its annual reports to transformation related disclosures.

5.4 Summary

As a result of the lingering effects of Apartheid, one of most effective social closure apparatuses in history, the Black populace remains a significantly untapped source from which future accounting professionals can be drawn. This maybe achieved by increasing throughput to the profession of Black students by focusing the limited resources of higher education on those students with the greatest latent potential to succeed. In addition, promotion of alternative pathways to the profession, through

the decolonization of South African universities from SAICA, and promotion of the less onerous pathways to the profession of ACCA and SAIPA may allow these associations to contribute more towards combating the shortage of accounting professionals and transformation of the profession in South Africa.

5.5 Contribution

This thesis will close by considering the independent and original contribution to knowledge that has been made in respect of the contemporary challenges facing the South African Accounting Profession.

1. This thesis has identified that biodata can be used to differentiate between students who will complete and those who will not complete, their professional accounting first degree and honours programmes on the pathway towards becoming professional accountants. This thesis empirically identified salient background factors that could be used in the identification of those who will complete the programmes. The developed models should provide a useful tool that university administrators could apply to inform their decision to admit a student to the education programme or not. The factors identified in this thesis may also assist teachers and career guidance counsellors in appropriately counselling students in their career decisions.
2. This thesis provides additional validity for the technique of biodata-based selection in a context that has not previously been explored, namely a dual medium university in a developing country – South Africa.
3. This thesis, in the development of the biodata-based models, highlighted the continued tacit social exclusion on the basis of language of Black South Africans, speaking an African home language, from successfully completing their higher education in English or Afrikaans in post-Apartheid South Africa.
4. This thesis identified the importance of the attributes of a professional accounting association in influencing a student's decision to join an association. Knowledge of these attributes may inform the marketing of professional accounting associations.
5. Little difference between the attributes affecting the students' decision by association was identified in this thesis, suggesting that South African students hold a collective view of the

profession, making the marketing of a particular association within the profession as a whole challenging. Consequently, accounting associations may need to look beyond only marketing of attributes of the association to promote themselves to students in an environment characterized by significant exclusionary closure achieved by a dominant association. Instead they may need to challenge the colonization of higher education institutions by the dominant association.

6. This thesis highlighted that the competing associations, with less onerous education requirements may offer Black students, who experience continued tacit social exclusion from the profession on the basis of their lack of property ownership and access to quality education, an alternative pathway to the profession. These associations are encouraged to ensure that Black students are made aware of the opportunities these associations offer.
7. This thesis highlights the chronically slow pace of racial transformation in the post-Apartheid South African accounting profession as result of Black students continued tacit exclusion from the profession. Through content analysis, this thesis suggests that transformation projects implemented by the profession may, to date, be serving more as a tool to manage stakeholders', in particular the state's, impression of transformation, rather than achieving sufficient quantitative student outputs to redress the racial imbalances in the South African accounting profession. Consequently, this thesis warns that significant expansion and / or revision of these projects is required by the profession to achieve the transformation targets of the profession in future.
8. Finally, this thesis provides additional validity for the technique of content analysis and the theory of impression management, in a context that has not previously been explored, namely professional accounting associations.

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