

A case study on how non-accounting students present an accounting case in an open distance learning environment: Wawasan Open University perspective

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A Case Study on How Non-Accounting Students Present An Accounting Case in an Open distance learning Environment: Wawasan Open University Perspective

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Abstract

Wawasan Open University provides an opportunity for people who missed the opportunity to pursue higher education on conventional entry by having open admission and access to all who want to pursue an education. However the open entry system creates a situation whereby students may not have the capability to express and understand technical discourse in the studies. In this study we observe how non-accounting students perform in an open distance learning environment prepares themselves to answer assignment questions in Accounting and Finance.

We observed the responses from students of the Accounting and Finance course of the class of 2010 attempting question pertaining to the accounting environment of their workplace. The students are mainly of supervisory level but having no or very little background and knowledge in accounting and finance. This Tutors-Marked Assignments in accounting require them to have skills in comprehending and expressing themselves using accounting and finance terminology. This case study uses the methodology of qualitative research to record and analyse the case.

The lesson learned in this study is that instructor who is involved in developing accounting and finance courses for non-accounting students should make sure that workplace related material is included in the course. Internalisation is important in the understanding of course material to these students. The instructor should avoid pure accounting theory material as the non-accounting students may not be able to internalise the material. The students may not be able to connect with material and is disheartened as the material is not comprehensible to them.

1 Introduction

It is clear that there has been a shift in paradigm in higher education and the changes are expected to continue in the coming years. Typically, education is carried out in a conventional style, such as the feeling that learning must take place in a formal brick and mortar classroom setup. However, as the paradigm shifts, educators are beginning to look into less formal alternative ways of learning to bridge the gaps. Educators are looking into ways to bring education into almost any remote geographical place in the world and are beginning to capitalise on technology to create distance learning environments. Informal learning, as defined by Livingstone (2006) is “any activity involving the pursuit of understanding, knowledge, or skill that occurs without the presence of external imposed curricular criteria”. An early study on adult population on learning has indicated that about 80% of the adult population identified themselves as valuing an informal way

of learning. This fact showed the need to employ available technology such as the internet, early learning management systems, video conference technologies, and so on, to serve the needs of informal learners (Tough, 2002; Livingston, 2006). The Wawasan (literally means “vision”) Open University located in Penang, Malaysia was launched, in part, as a response to the available technology, and because of the need to reach out those who are missing out on the conventional higher education system.

The Wawasan Open University (WOU) was first established in September 2006 to meet the challenge of openness to higher education in Malaysia. The openness policy has lowered the barrier to higher education by removing conventional entrance requirements and allowing adult learners to take courses without the typical constraints of time and location that exist in traditional universities (Wawasan Open University, 2011). The reality of achieving openness in higher education, largely centred on open distance learning, can be difficult. There are a formidable set of barriers for open distance learning to overcome (Lane, 2009). Within the context of higher education, there are potential barriers to particular groups and communities such as cultural and social norms, with some ethnic cultures not supporting the education of women, and family groups in communities who do not value education very highly (Khokhar, 2007). However, the more immediate challenges for the open entrance policy in higher education is that the potential adult learners attracted may not have the capability to express and understand technical discourse in the studies, especially in post graduate studies.

In this paper, we observe how non-accounting adult learners perform in an open distance learning environment, and how they prepare themselves to answer assignment questions in Accounting and Finance theories.

2 Literature Review

Higher education open distance learning has grown from the simplest form of correspondence teaching that is said to have originated in Sweden in the 1830s. The early correspondence courses were a response by individuals and private companies to industrialisation. Countries such as the UK, US, and Germany started correspondence teaching in the “first phase” of distance education as an essentially altruistic endeavour in order to meet the demand from the growth of industry and demand for education by individuals. However, higher institutions at that time were somewhat tentative about their involvement (Curran, 1997). Growth in higher education in distance courses mode was slow and unpopular, as most people believe higher education learning should be from traditional brick and mortar form of learning (Miller, 1989).

A major expectation of the open universities is to increase accessibility to higher education instruction for people who would not otherwise have an opportunity to experience university study. The popularity of distant learning did not begin to go mainstream until the establishment of the Open University in the United Kingdom in 1969 which marked the “second phase” of open distance learning. Nyiri (1997) defined this second phase as more of a “partnership” which brought the full weight of conventional

higher education entities into direct competition with specialised distance learning institutions. In this competition, Nyiri claims that the established distance education institutions would become universities of convergence. At roughly at that time, satellites were beginning to move into commercial use, such as the PEACENET, which was first founded in 1971, and was the first distance education which employed satellites (Matthews, 1999). The development of the Open University in the United Kingdom provided the framework model of the delivery of higher education completely dependent on the distance learning model, which has been emulated throughout most of open universities in the world. The development is also the first that sought not just to change the structure of higher learning, but to extend the traditional university in a way that strived to overcome its inherent problems of scarcity and exclusivity (UNESCO, 2002). This new development also revolutionized the higher education experience by removing barriers to higher education learning entry requirements. The “open” university concept attracted a diverse range of adult learners from all walks of life. The goal is to make undergraduate study accessible to all; though most post-graduate work requires evidence of previous academic studies or equivalent life experience (The Open University, 2011).

In most open universities, such as The Open University of the United Kingdom, the increased accessibility was prompted by social policies of educational egalitarianism. This was accomplished in several ways, such as by eliminating academic admission requirements and minimizing the constraints of place and time. In some of the open universities, in particular the Universitas Terbuka (Indonesia Open University) the main issue was a matter of increasing the number of places available in the university system (Shale, 1986). Contrary to general belief, at open universities serving those with a low level of previous education, some researchers argued that in actuality many of these adult learners are already well qualified academically, in fact, many are sufficiently well qualified to meet the usual entrance requirements of traditional universities. These students seem seek out open universities to advance their professional skills or to obtain knowledge in specialized fields such as business, information technology, etc (Rumble and Harry, 1982; Shale, 1986).

Open distance learning is closely linked to innovation, information and communication technologies (ICT). The extraordinary expansion and accessibility of ICT, exemplified by the Internet, offer a very valuable tool to open distance learning, serving as a platform to further the educational aims and reach more adult learners. Both convenience and flexibility are among the primary advantages of open distance learning compared to the traditional conventional classroom (Ng, 2011). Those with busy work schedules and family obligations can now pursue their life-long dreams of higher education. A survey conducted by Babson Survey Research Group and The Sloan Consortium on Online Education in the United States of America reported that the growth rate in distance education enrolment was 21 percent, compared to merely 2 percent growth rate for the overall higher education student population in the year 2009. The study also revealed that 39 percent of the higher education students take at least one online or distance mode course (Allen and Seaman, 2010). Due to higher demand for courses in the US, professional accredited Accounting programs, leading to a degree, are now being offered in distance mode, delivered completely online by many public higher education

institutions such as the University of Minnesota and Washington State University (Ng, 2011).

Since accounting is a professional degree that traditionally is taught in a face-to-face environment, the shift in paradigm to open distance learning has made many researchers curious to find how the courses are perceived by the students. Watters and Rebertson (2009) conducted a study that examined two undergraduate accounting courses and one post-graduate accounting course, which were offered in an open distance learning mode, to investigate how these courses are perceived by students, in terms of effectiveness, compared to traditional face-to-face classes. The researchers found that 75 percent of the students in the two undergraduate courses felt the open distance learning was as effective and perhaps more so than the traditional classroom course. On the post-graduate level, all students participated in the study indicated that distance learning mode was as or more effective than the traditional classroom mode. In a similar account, Peng (2009) looked into emerging technology, specifically online homework submission systems, one of the chief open distance learning tools. In particular, the researcher investigated students' perception of the online system used to collect accounting homework. The online homework system not only allows instructors to display their homework problems, but allows students complete it online. Students can also receive their homework grade almost instantly. The study also showed that intrinsic individual motivation and computer efficacy are two important factors determining students' perception that the system was useful.

As this research is an observation on how students who may or may not have any background in accounting complete an assignment which requires critical thinking on the part of the students we had to look at case studies which are similar in view. Hammond (2006) conducted a case study looking on the teaching of the appreciation of English literature (i.e. Romeo and Juliet) on students whose mother tongue is not English. A class of Australian school children were observed. The children comprised of students whose parents were native English speakers and those who were immigrants to Australia. . The students viewed a film of Romeo and Juliet, and spent considerable time discussing the intricacies of the plot. Hammond noted that by discussing the plot and asking the students to act out the play, the students who are not native English speakers were able to understand the play well. The case study method is most suited to this research as qualitative research created a holistic look at the research topic. The challenge for the researcher is use the responses by the subjects that were observed to uncover patterns and relationships rather than uncover merely isolated stories (Mariola, 2009).

Considering the review above, it is interesting to recognize that open distance learning has attracted adult learners from all walks of life. Thus, in order to better understand how adult learners perform in the open distance learning environment the objective of this case study was to analyze how adult learners, particularly for those with non-professional backgrounds in accounting, present an accounting case as part of their coursework.

3 Research methodology

This study observes the performance of the students of BAC501/03 Accounting and Finance class of July 2010. The researchers looked at the submission of the students of the class when attempting a question in the first assignment of the course.

Before attempting the question, the students were asked to read section 1.7 of the course material. Section 1.7 discusses about a typical organisation chart for accounting and finance function. Students were asked to present and comment on the accounting and finance function organization chart of their current workplace. The students were asked to critique about the working for the function which they described.

The question asked was:

Section 1.7 Organization for accounting and finance in the course material outlined a typical organizational chart for the accounting and finance function.

Required

- a. *Draw the accounting and finance function organization chart of your current workplace and describe the functions of the different personnel in the function.*
(30 marks)
- b. *Comment on the effectiveness of the current set-up of the accounting and finance function at your current workplace by telling us the strength and weaknesses of the current set-up.*
(20 marks)

As WOU is an open distance learning organisation, the students in a particular class are not concentrated in a single geographical area. Using the Learning Management System, WOU can provide courses to students in various parts of Malaysia. A total of 110 students enrolled for the course and they were from various city centres in Malaysia (i.e. Kuala Lumpur, Penang, Ipoh, Kuching and Johor Bahru). As BAC501/03 is a basic introductory course to Accounting and Finance at post-graduate level, students who embark of this may or may not have prior knowledge in accounting, book-keeping and finance. The students are mainly of supervisory level but having no or very little background and knowledge in accounting and finance. Assignments in accounting require them to have skills in comprehending and expressing themselves using accounting and finance terminology

From the marked assignments of this course, the researchers grouped the subject matter of the assignment into four major categories for discussion. The categories are:

- ☐ The small and medium sized businesses,
We call these companies *The Small Guys*. This category comprised of sole proprietors, partnership and private companies.
- ☐ Small sized public listed companies and their subsidiaries – those with a market capitalisation below RM40 million.

- They are also known as *The New Kids on the Block*,
- ☐ Large listed companies, or
The Big Brothers/Big Sisters would be companies with a capitalisation above RM40 million.
- ☐ Subsidiaries of foreign companies operating in Malaysia, We call these companies *Global Players*.

To record and analyse the case study, the researchers' case study uses the methodology of qualitative research. Qualitative data requires the ability to question, translate, coordinate and determine the viability of the meaning of re-occurring issues and phenomena. Therefore the qualitative data will be analyzed for the emergence of key themes using a coding method. Coding is the process by which categories of responses are established for open-ended questions. The researchers read through all 110 assignments, sorted the assignments into specific response categories and grouping common themes and repetitive words.

The response categories and grouping are as follows:

- ☐ General description
In this response category, students are assessed whether they can describe the general workings of the accounting and function in their organization. If the student can describe this category, we group them as "novice" students.
- ☐ Function
Next we evaluate whether the student can describe in detail the personnel and the workflow in the aforesaid function. If the student succeeds in doing this, then the researchers group them as 'intermediate' students.
- ☐ Analysis
The final level of level of competence that will be observed will be the ability of the student to critique the current workings of the function and to suggest recommendation to improve the current workflow. The researchers call them as "advanced" students.

4 Hypotheses and Framework

The researchers shall base this study on the construct proposed by Hammond (2006) case study on students whose mother tongue is not English. While Hammond observed the performance students who are not native speakers in English when comprehending *Romeo and Juliet*, this research looks at how students who do not have any background in accounting and finance tackle an assignment which requires critical thinking in accounting.

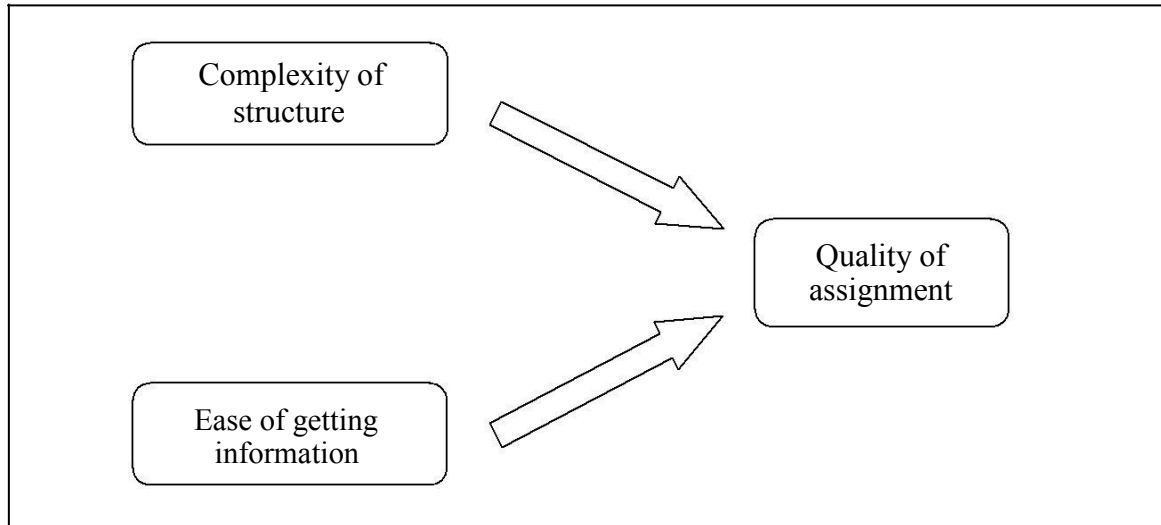
At the start, the researchers predicted the following hypotheses

- ☐ Students who work in companies with complex accounting and finance structures are able to come up with a more detailed assignment as compared with those coming from a simpler structure.
- ☐ Students working in complex structure are able to write a better critique compared to those from a simpler structure.

- The ease of getting information from the organisation to write the assignment will result in a report of better quality.

We summarise the framework of the study as follows Figure 1:

Figure 1: Research Framework



5 Findings and discussion

It was interesting to note that while students who come from workplaces that have well-defined or complex accounting and finance structures are able to come up with very detailed descriptions about the workings of the account functions, it was surprising to observe that it was the students who come from organisations with a flat structure and simple organisations who were to write a better critique of their organisations. Table 1 show the sorted students' assignments into specific response categories and grouping common themes.

Table 1: Summary of sorted and grouped students' assignments

“Novice” Students		“Intermediate” Students		“Advanced” Students	
Simple or Flat organisations	23	Simple or Flat organisations	29	Simple or Flat organisations	57
Complex organisations	87	Complex organisations	81	Complex organisations	53
	110		110		110

It was observed the students came from companies in which had their structures and workflows properly documented had a tendency to “copy” and “paste” chunks of their standard operating procedures rather than write a critical review of their company. The students were very busy describing details of the structure and personnel of the company and sometimes neglected the part where they have to critique the organisation. Generally

There was a false notion that students coming from companies with simple accounting function will be the “underprivileged” one in this form of assignment. It was perceived that there was very little for the students to describe about the structure and personnel in the company as compared to the students coming from the more complex companies. To compensate the lack in material, the students from simple structured companies concentrated in the critique of the structure and personnel of the function as this was the best way to earn maximum marks in their assignments. Some of the students mentioned that the indirect performed some of the accounting and finance functions. This observation is in line with Hammond (2006) that students comprehend the material better if they have internalised the material themselves. The students who came from companies with complex structures may not be involved operationally at all with the accounting function resulting with their report mirroring closely to the standard operating procedures of their companies. As the students did not have hand on experience on what they asked to describe, the assignment became an exercise of summarising the Standard Operating Procedures of their workplace. We disprove our earlier hypotheses that the ease of getting information from the organisation to write the assignment will result in a report of better quality. Below Figure 2 is example of students answers extracted from the pools of students assignment answers for comparison purposes:

Group Chief Financial Officer - CFO

- Head - Group Strategy & Finance Division
 - GSI-Group Strategy Development Department
 - AGSI-Strategic Initiatives Unit
 - GSI-Group Strategic Management Department
 - AGSI-Strategic Management & Reporting Unit
 - GSI-Group Corporate Finance Department
 - AGSI-Corporate Finance Unit
 - GSI-Group Treasury Services Department
 - AGSI-Treasury Unit
 - GSI-Regional Strategy & Finance Department
 - AGSI-Regional Strategy & Finance Unit
 - GSI-Special Projects
 - AGSI-Special Projects Unit
- Chief Financial Officer
 - Treasurer
 - Mr. Financial Planning
 - Assistant Treasurer & Finance
 - Mr. Financial Services
 - Manager of Accounts
 - Mr. Finance & Administration
 - Manager of Corporate Risk
 - Mr. Finance & Administration
 - Corporate Controller
 - Mr. Finance & Administration

Finance Function Effectiveness

The current set-up of the accounting and finance functions is difficultly to contribute its value to the business and maintain high efficiency timely with ever the simultaneously governance needs. Meanwhile, due to high operational costs, it simultaneously faces many internal demands. Besides that, all these factors create a difficult environment for the finance department.

Strength

Current set up of finance framework work closely with CFOs, Controllers and Treasurers to provide innovative, creative advice, independent viewpoint and assistance in maximizing the financial operating system, therefore the basic business requirements could be achieved successfully.

- ✓ Prepare a precise diagnostic report and benchmark of financial process and functional programs
- ✓ Analysis, budgeting and planning
- ✓ Optimizing the information management reporting system.
- ✓ During closing season, financial reports and managements reporting conduct in time and accurately.
- ✓ To make improvement of repetitive common processes, setup of a company's shared service centers is being setup as a separate business unit.
- ✓ In deciding a strategic business model, value key driver analysis is being clearly, simple shown out and strategic objectives are easily being identified.
- ✓ Conduct cost review reports and cost management.
- ✓ Implement costs management instruments.

Weaknesses

- ✗ Business model and finance function is too complex and not so supportive business strategy.
- ✗ Employee behavior based performance grading system is not clear enough.
- ✗ Finance function department employees' qualifications under expectation.
- ✗ Management information from internal reporting to external reporting of stakeholders understanding the business can be improved.
- ✗ No integrated governance framework. (Source: Finance Function Effectiveness)

To improve the efficiency of current setup of accounting and finance, every employee should play their roles as below:

- ✓ To simplify the business model and finance function, transaction records and account records is processed with low cost and accurate therefore monthly report could be carried out successfully.
- ✓ Should conduct a grading and scoring system in a more efficient way.
- ✓ Standard business protocol and standard procedure of KPIs need to be stated clearly.
- ✓ Internal and external respective individuals are being communicated with sufficient information to conduct a high quality reporting to the stakeholders.
- ✓ Seminars and trainings should be provided to upgrade the skills and professional of the finance function.
- ✓ Ensure optimal governance operation, financial information management and business operations liaison to the legislation of accounting.
- ✓ Valuable viewpoints and advices on competitive issues should be shared out in the finance committee.

6 Conclusion

The school of hard-knocks may be the best teacher of them all when dealing with the understanding of a certain technical material in this case - accounting. As the majority of Wawasan Open University students are working adults, it is imperative that course material and assignments that are relevant to their work place. From this case study, students will do well in their assignments if the assignments is based closely with what they do everyday. The concept of “internalisation” as proposed by Hammond (2006) is relevant even in the study of accounting as students do better when writing assignments based on their experiences than those they copy based on literature review – in this case a summary of their Standard Operating procedures.

The lesson learned here is that instructor who is involved in developing accounting and finance courses for non-accounting students should make sure that workplace related material is included in the course. Internalisation is important in the understanding of course material to these students. The instructor should avoid pure accounting theory material as the non-accounting students may not be able to internalise the material. The students may not be able to connect with material and is disheartened as the material is not comprehensible to them.

Appendix

The observation from the study was summarised and sent for publication in a Malaysian accounting practitioners publication. The article is attached below.

Accounting and Finance Functions: The Malaysian Way By Loo Choo Hong and Dr Tung Lai Cheng

Recent changes to the rules and regulations pertaining to accounting especially the adoption of the international financial standards, tax reporting and listing requirements have resulted in companies being more systematic and professional when presenting their financial results. Gone are the days where accounts were prepared just for the eyes of the management. Today, financial reporting even from smallest sole proprietor is subject to regulatory scrutiny. With the advent of the self assessment tax regime, even the accounts of a sole proprietor are subjected to an audit by the tax authorities. The accounting convergence has resulted in companies preparing their accounts great details and analysis as required internationally. Companies who wish to list on the bourse must come up with a proper set of accounts every quarter.

It is imperative that companies adopt greater professionalism in preparation of accounts, in order to meet the changes in the regulatory framework of accounting. In this article we will critique the different accounting structures adopted by various businesses in the country. We recently conducted a survey of 110 companies and businesses of varying sizes throughout a number of city centres in Malaysia (i.e. Kuala Lumpur, Penang, Ipoh, Kuching and Johor Bahru) to see how the businesses set up their accounting and finance functions.

We grouped the different business we surveyed into four major categories. The first category was the small and medium sized businesses, also known as *The Small Guys*. This category comprised of sole proprietors, partnership and private companies. The second category consisted of small sized public listed companies, or *The New Kids on the Block*, and their subsidiaries – those with a market capitalisation below RM40 million. The third category would be large listed companies, or *The Big Brothers/Big Sisters*. This would be companies with a capitalisation above RM40 million. The final category would include subsidiaries of foreign companies operating in Malaysia, we call them: *The Global Players*.

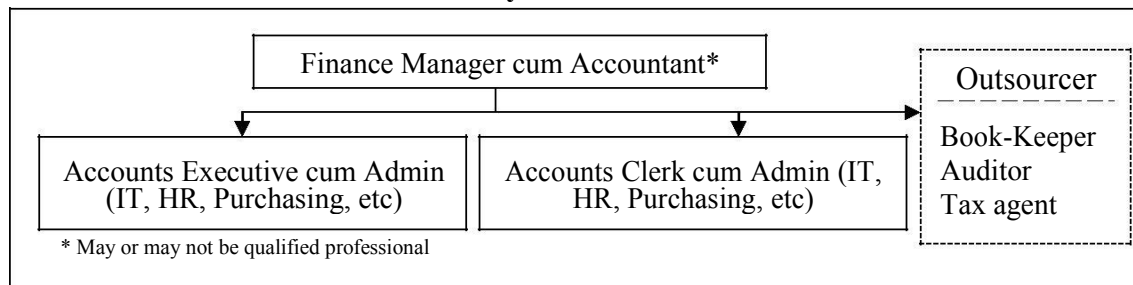
The Small Guy

A small business may comprise of a simple business such as a sole proprietor, a partnership or even a small private company. The accounting function of a small business comprises clerks doing the accounting function or if the sole proprietor does not have the capability to prepare the accounts, he will outsource the function to a book-keeper. The small business may merge the function of accounting with other forms of administration such as the Human Resource Function, Information Technology or even purchasing.

The “Jack of All Trades” seems to be the mantra for the accounting personnel working in this form of business. The accounts department is generally a flat organization with the head of accounting or administration heading clerks preparing the invoicing, cash management and payroll together with other administrative functions such as HR and purchasing. The head may prepare the ledger and financial statements himself or herself.

Book-keeping, invoicing and cash management are the main services provided by the accounting function. The preparers of the accounts may or may not be qualified professional with a proper accounting qualification. To make sure that the accounts are acceptable to the authorities for purposes of filing with the Companies Commission of Malaysia and the tax authorities, the small business relies on services of an auditor and tax agent to advise them. Although the auditor and tax agent acts as the main source for technical advice to the small businesses, the scope of work and time taken to review the accounting function is very limited, possibly due to the small fees the small businesses can pay to the accounting firms.

The Small Guy - “Jack of All Trades”



The New Kid on the Block

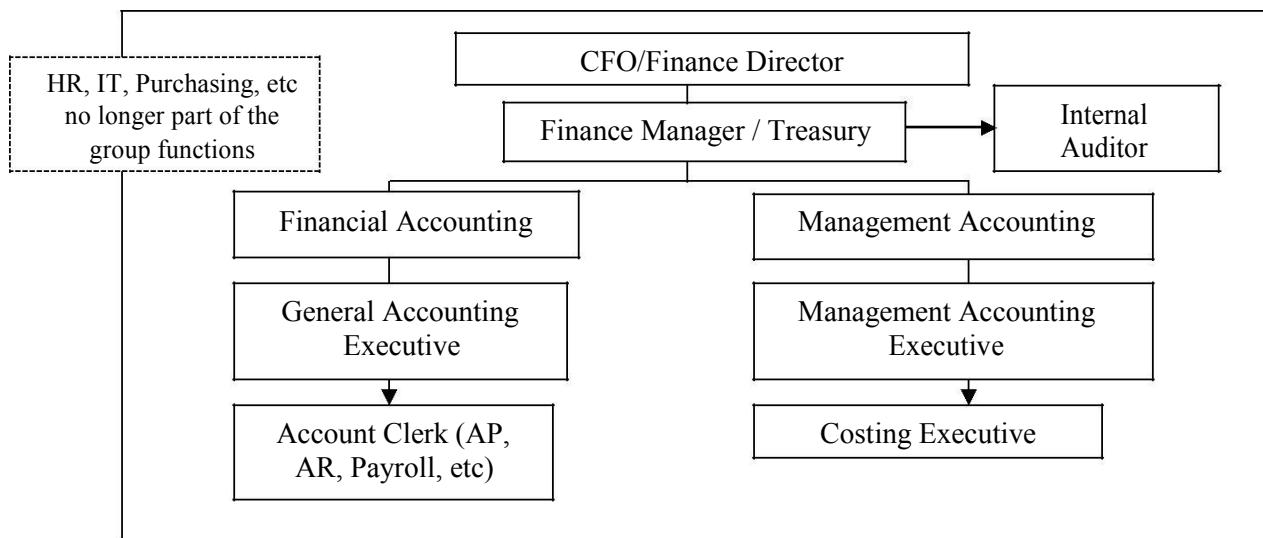
The second group of business that were surveyed were the small sized listed companies and the private companies who are seeking to list ~~in~~ on the local bourse in the future. In this group, the mindset of the management was to move the accounting function from being merely being a book-keeping function to a more information based form. There is a lot of emphasise to separate financial accounting from management accounting. The financial accounting function is an offshoot from the earlier book-keeping function whereby the staff took care of the ledgers and also the accounting operations such as invoicing and cash management. If there is a need, there will be dedicated staff dealing with the accounts receivables and payroll.

The accounting function evolves from an operation (i.e. to control the cash flow) to a reporting function. To the *New Kid on the Block*, management accounting seems to be the main focus of this group of businesses. There is a tendency for the business to employ a qualified person (i.e. someone with an accounting degree) to head this function. The business normally would take a part qualified or an accounting technician to run the financial accounting part of the department.

The requirement for a more systematic structure to accounting comes from two needs. As the company is expanding, the company needs to be extremely concern with the way costs, revenues and investments are managed. An expanding company will also mean that there must a proper way for costing and pricing decisions are handled. In a sole proprietor or partnership's case, all pricing and costing decisions are made by the owner or partners. However, when a company expands to many locations, there is a need for a more structured way of determining pricing and cost structure of products in the company.

The second need for a more structured form of accounting lies with the regulatory framework of accounting itself. Owners of companies who wish to list in the Bursa Malaysia needs to make sure that the accounting reporting structure of the company comply with the requirements of the bourse. There will a need to have the financial results of a group consolidated every quarter. There is a need for the finalising of the books within a month after the end of the reporting reported. In the past being a “small guy” only the financial statement of the private company needs to be published. There is no urgency to quickly come out with the accounts as the preparer is given a six months grace period from the year end to come up with the accounts.

The New Kid on the Block – Much Systematic and Structured



The Big Brother/Big Sister

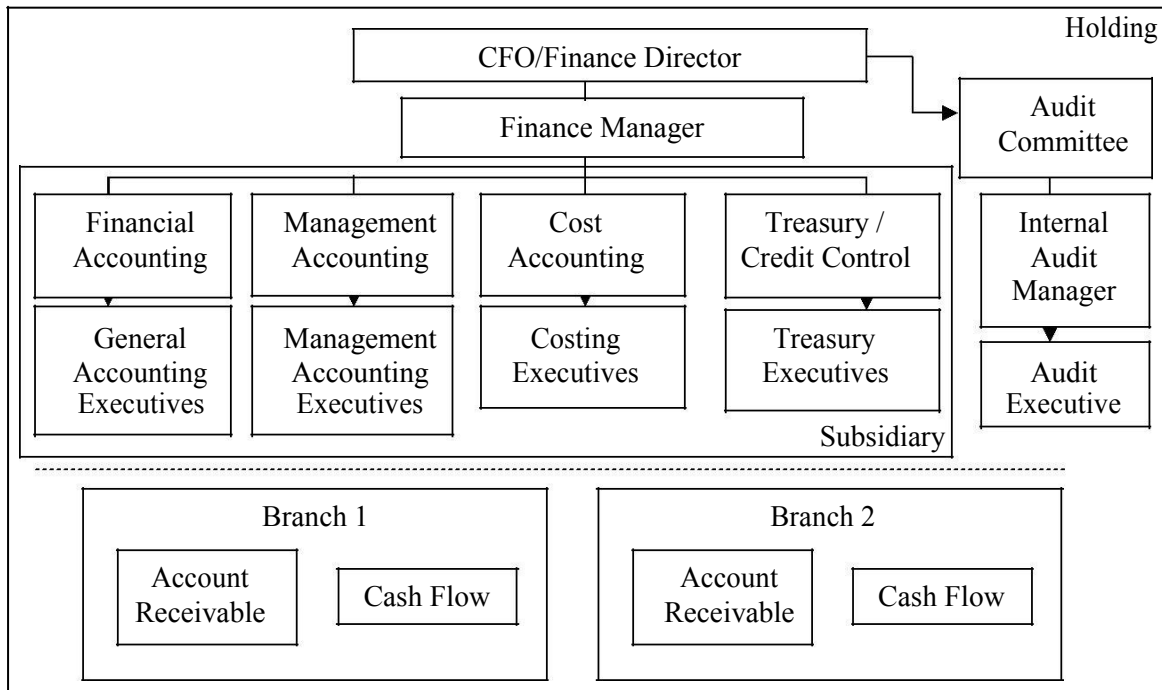
The structure of the accounting function becomes even more complex when a company becomes a publicly listed company. As *the Big Brother/Big Sister* grows, the company will expand to more branches in different locations. The company might acquire another business or even get rid of a business. Some businesses will be acquired permanently, others temporarily.

The accounting function is now needed at the holding company level, and the subsidiary as well as the branch level. At the branch level, the operational function, such as accounts receivables and cash flow may be performed. However, functions such as accounts payables, inventory management, costing, budgeting and general ledger are performed at the subsidiary level. The holding company will provide direction on the financial policies of the group as a whole, and will perform in the role of the financial public relations for the group as a whole.

The skill sets of the accounting personnel are very different. Rather than being a “jack of all trades”, the skill sets for the accounting personnel are very specialised. Each of the roles of the accounting personnel are clearly defined in terms of the job scopes and responsibilities. Some of the staff may deal in operational accounting, such as accounts payables, others, in reporting roles such as financial reporting and still others in budgeting and costing (i.e., accurately setting prices for goods produced/sold). Often in this group, the accounting personnel are highly regarded and professional. Their professional standing is often denoted by a certification such as ACMA (Chartered Management Accounting), CPA (Certified Public Accountant), CA (Chartered Accountant), and other accredited certifications.

Generally, the accounts department in this group follows traditional a hierarchical organisational structure with the Finance Director heading the accounting department. The structure is often decentralized, with the accounting and finance teams in different operating units. The team working in the operating units generally have more detailed and up-to-date information about local conditions. Hence, they are able to make more informed decisions with better information. Whilst specialization helps to build expertise, the monotonous repetition of tasks within roles such as account payables, account receivables, costing and budgeting tasks may lead to lack of motivation and low commitment.

The Big Brother/Big Sister – Complex and Structured



The Global Player

The last group we surveyed were the subsidiaries of foreign companies that invested in Malaysia. In this group, most of the *global players* either come from North America, Europe, or Asian countries.

The structure of the accounting functions in this group, typically, is a matrix structural oriented where overlaps between divisional and functional groups exist within the subsidiary companies. The structure is characterised by dual reporting relationships in which employees report to both their immediate functional (accounting) head and divisional head (project). Although studies have suggested the matrix setup promotes a cross-functional communication and no doubt facilitates greater innovation, it often times produces confusion and “power-plays” due to the dual lines of command.

Often times in the functional groups, employees tend to perform specialised sets of tasks and results in the fixation of roles and responsibilities. Each functional head only tends to focus on local the site versus overall company strategic issues which has come to be known as the “silo effect” in organisation communities. Habitually, subsidiary managers in the division are usually not given a sufficient voice relative to the heads of local divisions. Similarly, to the *Big Brothers/Big Sisters* group, the *global player* focus on hiring qualified professionals, hence there is greater specialisation within departments and more standardised processes across the global network. The subsidiaries usually are self-contained units with their own finance operations and accounting functions. The decisions are also very localised. Thus, the subsidiaries are autonomous, which allows them to respond to local competitive conditions and develop locally responsive strategies more effectively. However, this model makes it difficult for a unified approach to react to global competitive attacks such as global recessions etc.

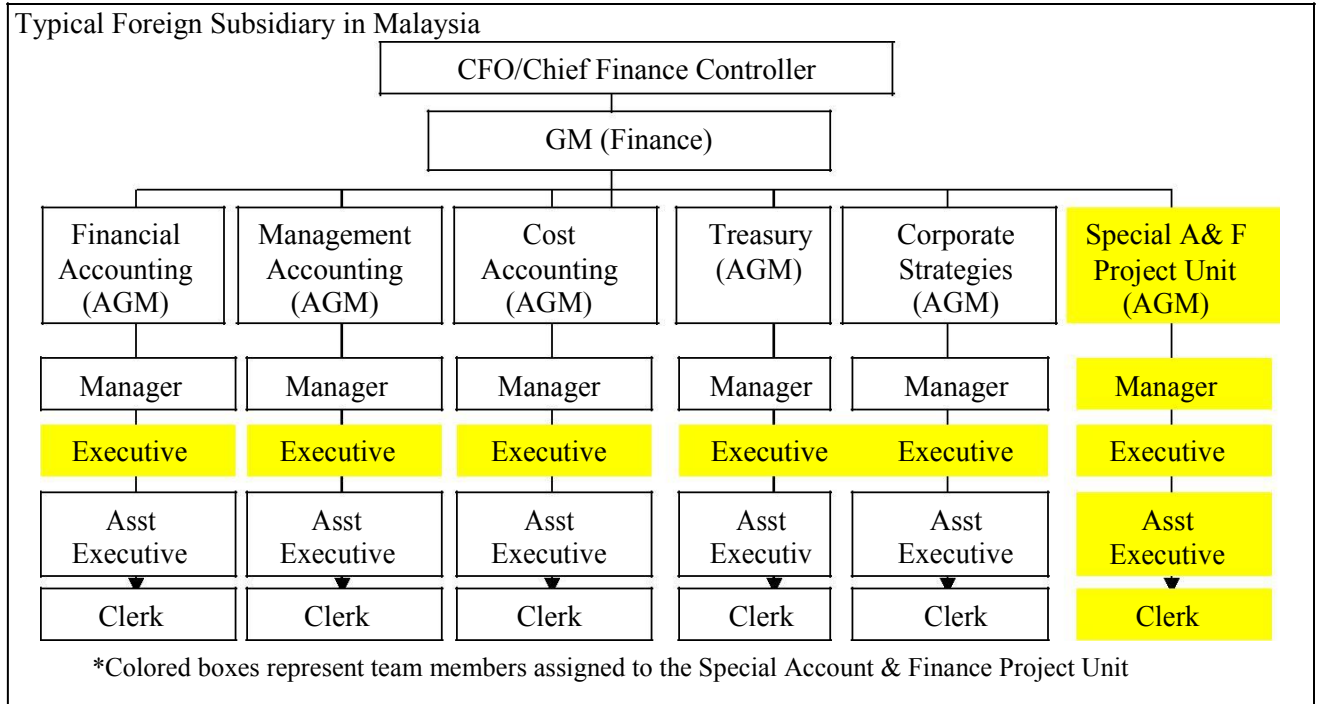
Although typical organisational structure of this group is matrix oriented, in most cases the subsidiaries come from the Asia regions (i.e. Japan, Korea or Taiwan), typically there is an adaptation of “command and control” a traditional hierarchical approach of *top/down* mentality is more prominent. Another attribute to this structure is that, due to functional complexity there are too many over-lapping or unaccounted areas and therefore there maybe inefficiencies such as in duplication of efforts, resources and work within the different functional areas.

This group is typically *complete* in the sense that it covers all the key roles of accounting and finance such as controls, audits, providing reports and improving the quality of the of the organization's finances, overall. For instance, in this group one will typically be able to find several financial analysts (at least one) where one would not typically find this position in the *Small Guy groups* or the *New Kids on the Block* groups.

Often it is the case that in this group, due to the organisational setup, that for each transaction approval, such as a capital project approval, invoice processing, payment processing, raising of credit note or debit note, adjustment approval, etc, would require numerous levels of approval from (maybe) the section head, plant controller, plant

manager up to function manager, senior manager and later on, chief financial controller which could be very time-consuming and would not be cost effective.

The Global Player – Matrix and Decentralisation



Last but not the least, *the Small Guy*, *the new kids on the block*, *the Big Brothers/Big Sisters* and *the Global Players*, all have unique characteristics derived from how we Malaysians do things, which have served us well in the past, but, going forward, might not help us so much. There are aspects of how we have done things that might need to change, to meet International Standards. The “Jack of All Trades” approach seems to be the mantra of accounting personnel in *the small guy* companies, on the other spectra; the *Global Player* companies are faced the tendency to have duplication or wastage of resources. When a business expands, the accounting and finance functions in organisations will need to change due to the requirements of new rules and regulations to remain globally competitive and to retain global investor confidence. Change is inevitable in this era, the flexibility to change and adapt is the key distinctions from *the Small Guy* to *the Global Player*.

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