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Defining the present and shaping the future: the changing nature of accounting education in Ireland

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Abstract

This paper uses an historical perspective to provide a comprehensive understanding of contemporary accounting education in Ireland. It describes the structure and nature of accounting education within the profession, higher education, and the second level school system. The relationships among these three sectors are analysed and the distinctive features of Irish accounting education are highlighted. Tracing the developments in accounting education across the sectors, economic activity is identified as the key driver of change. By examining the genealogical roots of accounting education, this research develops a contextualised understanding of the spectrum of contemporary accounting education in Ireland. It highlights current issues and challenges, offering a framework for further deliberations by policy makers and researchers. This paper also facilitates research comparing Irish accounting education to that experienced in other countries and to the education systems of other professions in Ireland.

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1. Introduction

The accounting profession in Ireland¹ has experienced considerable change over the past 15 years. Similar to what has occurred internationally, changes in the business

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¹ The discussion in this paper primarily relates to the Republic of Ireland (ROI). However, the discussion of the accountancy profession embraces both ROI and Northern Ireland, as the Institute of Chartered Accountants in Ireland is an all-Ireland body.

environment, emanating from technological developments, globalisation and market and regulatory pressures, have led to the re-conceptualisation and repositioning of the role of professional accountants (Albrecht & Sack, 2000; Collins, 2000). Such observed changes and the expectation of increasing dynamism pose both opportunities and challenges for accounting education in Ireland.

Beaver (1992) contends that a thorough exploration of the various dimensions of contemporary accounting education is a pre-requisite for its improvement in the future. However, accounting education in Ireland, both past and present, is remarkably under-researched. Taking an historical perspective, this paper explicates the current state of accounting education in Ireland and reviews relationships among the profession, higher education, and second level education. By developing a contextualised understanding of present-day accounting education, this review provides a foundation for addressing the education challenges of the new millennium.

The research method underpinning this paper is a historiographic linking of past and present. Parker (2001) supports this research approach in his exploration of the expanding horizons of accounting and the challenges facing researchers and educators, arguing that there is “no identifiable dividing line that separates past from future”. Rather, past and future are part of a continuum where the present is viewed as a junction of the immediate past and the immediate future (Tillinghast, 1972). In this sense, the past helps define the present and shape the future. Carnegie and Napier (1996, p. 27) similarly support the use of the historical perspective to offer a framework for future research: “collections of historical articles pertaining to specific countries or regions ... provide important databases for future researchers”. Moreover, “differences between organizations in different cultures can ... only be explained completely if the historical dimension is included in the comparison” (Kieser, 1994, p. 609). Thus, this paper facilitates future research comparing Irish accounting education to that experienced in other countries.

The next section of the paper explicates the education system of the Institute of Chartered Accountants in Ireland. The nature of accounting education within the higher education sector is then described and the strong relationships that exist with the accountancy profession are delineated. The fourth section examines the study of accounting within the second level school curriculum and is followed by an exploration of the future challenges facing Irish accounting education.

2. The accounting profession

Traditionally, the accounting profession has been associated with institutional fragmentation, with a range of bodies or associations representing accountants in any one country (Anderson-Gough, Grey, & Robson, 1998; McCabe & McHugh, 1992). This fragmentation is evident in Ireland as four accountancy bodies currently operate in the country: The Institute of Chartered Accountants in Ireland (ICAI), The Institute of Certified Public Accountants in Ireland (ICPAI), The Chartered Institute of Management Accountants (CIMA), and The Association of Chartered Certified Accountants (ACCA). A detailed description of the education systems of

all of these bodies is outside the scope of this paper. Instead, ICAI has been selected, for a number of reasons, to exemplify contemporary accounting education in Ireland. Firstly, ICAI is an Irish based and managed organisation, unlike CIMA and ACCA which operate in Ireland as divisions of the British bodies. Secondly, ICAI is the longest established body receiving its royal charter in 1888. The other Irish body, ICPAI, was only formed in 1943. Thirdly, ICAI is, and always has been, the largest professional accountancy body, in terms of members and enrolled students.

Irish accountancy is very much part of the Anglo-American tradition, which is significantly different to that of continental Europe (Hanlon, 1994). The activities of ICAI are grounded in public practice, with the provision of audit, taxation and other services, though increasingly its members are employed outside practice (ICAI, 2002a). It is interesting to note that, since its formation, ICAI has been an all-Ireland body. The uniting of Irish accountants from North and South to establish ICAI in 1888 may seem surprising given the increasing political tensions at the time. However, it appears that the desire to form an association was prompted by economic and commercial factors (Annisette & O'Regan, 2001). A number of the founders had trained and practised in England or Scotland and so they had first hand experience of the benefits accruing to members of a well organised professional body. Additionally, it was perceived that many English accounting firms were acquiring the lucrative accounting work in Ireland because of their associations with the established professional bodies. It was felt that securing a Royal Charter for a national professional organisation would enhance the status of Irish accountants and would desist the efforts of English firms to dominate the Irish accounting marketplace (Annisette & O'Regan, 2001).

At formation in 1888, ICAI had 42 members, whereas today it has in excess of 12,750 members and approximately 2500 students. However, while the professional bodies in England and Scotland flourished in the decades after their formation, ICAI has only experienced significant growth in activity and membership in the latter half of the 20th century. Indeed, ICAI had only 417 members by its jubilee year and approximately 6000 by its centenary year of 1988 (Quin, 1988).

Just as economic factors prompted the establishment of ICAI, it is clear that its development reflected the changing economic environment in Ireland. When ICAI was formed, Ireland's economy was dominated by the agricultural sector, although there was increasing industrial activity in the north-east. At this time, most accountants derived their income from bankruptcy and insolvency work and from the provision of debt collection and land agency services to absentee English landlords (Robinson, 1983; Hanlon, 1994).

While Ireland secured its independence from Britain in 1922, it was at the expense of partition, with the six north-eastern counties remaining part of the United Kingdom of Great Britain and Northern Ireland. The newly-formed Irish government initially pursued policies of free trade, low taxation, limited direct state intervention, and parity with sterling, resulting in modest economic success (Houghton, 2000). However, after the crash of 1929 and the ensuing worldwide recession, formidable protectionist policies were introduced to preserve and foster indigenous industry,

but these were generally unsuccessful. Thus, there was limited opportunity for expansion of the Irish accounting profession in the 1930s and 1940s.

In contrast, the British profession prospered during the two World Wars and in the subsequent period of global economic development. By the end of the 1950s, Ireland was suffering from chronic economic depression, massive unemployment and agriculture still remained the dominant activity (Breen, Hannan, Rottman, & Whelan, 1990). This led many ICAI members to emigrate to Britain, the USA, Australia, and elsewhere.

The fortunes of the accounting profession changed with the new economic policies of the 1960s. The removal of trade barriers and the fostering of foreign direct investment, fuelled both the development of Irish indigenous industry and an influx of overseas companies. These activities generated considerable new business for accountants, as did Ireland's entry into the European Economic Community (now the European Union) in 1973. However, as a consequence of the second oil crisis, the slowdown in the global economy and heavy borrowing by the Irish government, the 1980s saw a period of economic recession. While this impacted on the accounting profession, it was somewhat negated by the development of the International Financial Services Centre (IFSC) in Dublin.

From 1994 onwards, the Irish economy experienced unprecedented growth and earned itself the title of the 'Celtic Tiger'. Gross Domestic Product (GDP) rose by an average of 9.6 percent per annum between 1994 and 2000 and the level of unemployment fell dramatically (Haughton, 2000). Critical to this success was rapid growth in exports, wage and price restraints, low inflation, and increased consumer spending. Furthermore, the availability of a well-educated, English speaking workforce attracted many high-tech, financial, and pharmaceutical multinational companies to establish large operations in Ireland. These developments created more varied opportunities for accountants, attracting ever increasing numbers into the profession.

Ultimately, the experiences of the Irish economy and the resultant changes in the accounting profession, affected the development of the education system of ICAI. Today, gaining membership to ICAI involves completing a minimum 3-year training contract with an approved training supervisor² and, at the same time, passing a suite of examinations. A number of routes can be taken to become a student of ICAI and the route pursued affects the length of the training contract and the number of professional examinations to be completed. The current examination system of ICAI consists of two Professional Examinations (Professional 2 and Professional 3)³ and the Final Admitting Examination (FAE), with each level involving four papers (see Table 1).

² Typically prospective members of ICAI must complete their training in a member accounting firm. However, since the 1980s a training through business scheme has been in operation, whereby prospective members can complete their training in industry or in the public sector.

³ There was previously a Professional 1 examination which was completed by students who entered training directly from school. However, in 1999 this examination was discontinued and an alternative route was provided for these entrants (outlined later in the paper).

Table 1
Current structure of ICAI examinations^a

Professional 2

1. Financial Accounting and Introduction to Auditing
2. Business Information Systems
3. Management Accounting and Business Finance I
4. Taxation I

Professional 3

1. Advanced Financial Accounting
2. Auditing
3. Management Accounting and Business Finance II
4. Taxation II

Final Admitting Examination

1. Auditing and the Reporting Accountant
 2. Financial Accounting and Reporting: Tax Planning
 3. Management Accounting: Business Finance
 4. Multi-discipline Case Study
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^a Source: ICAI (2002b, 2002c).

Graduates with an undergraduate degree in accounting or business who enrol as students with ICAI may be exempt from some or all of the individual examinations within Professional 2. Currently, programmes offered by 23 higher education institutions in Ireland have been awarded full or partial exemption from Professional 2 (ICAI, 2002d). Graduates of specialised postgraduate accounting programmes⁴ are exempt from Professional 3. Graduates of other disciplines are required to complete Professional 2, Professional 3, and the FAE. However, these graduates have the option of completing a postgraduate conversion programme,⁵ which grants them full exemption from Professional 2.

Unlike many professional organisations, ICAI has always maintained a route to membership for school-leavers.⁶ The reason for this is that economic constraints often prevent many high-calibre students from proceeding to higher education. Thus, remunerated professional training is an attractive alternative for these students. In addition, many small rural accounting firms are unable to attract graduates as trainees, and consequently they target capable school-leavers. Today, before commencing ICAI examinations, school-leavers must complete, with distinction, the foundation examination of the Institute of Accounting Technicians in Ireland (IATI).⁷

⁴ Such programmes are offered at Dublin City University, University College Dublin, NUI Galway and University of Ulster (Jordanstown).

⁵ Post-graduate conversion programmes are offered at Dublin City University, Dublin Institute of Technology and University of Ulster (Jordanstown).

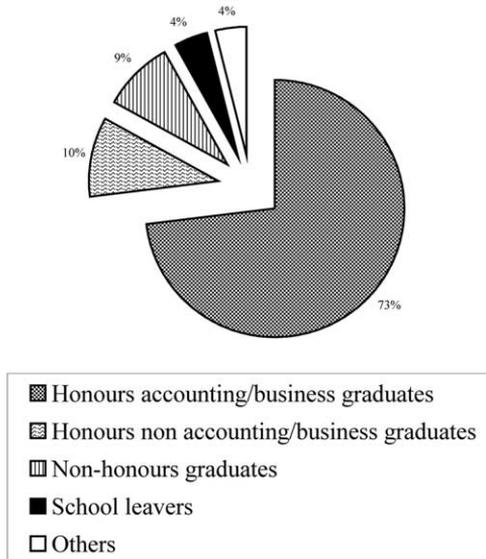
⁶ School-leavers is the term used in Ireland to describe 'high school graduates'.

⁷ The Institute of Accounting Technicians in Ireland (IATI) was established by ICAI in 1983 to provide a technician qualification for those who work at a support level in accountancy.

Regardless of the entry route, all ICAI students must complete the FAE, as no exemptions are extended for any paper at the final level. In 2001, the total number of new students registered with ICAI reached a record level of 1022 (ICAI, 2002e). Fig. 1 illustrates the popularity of the various entry routes. What is immediately evident is that graduates with accounting or business degrees dominate ICAI’s student intake. Graduates from other disciplines, and those pursuing the non-graduate entry routes, account for a very small proportion of the overall intake. This profile of new members is similar to that experienced in the USA, Australia, Canada and most European countries, but is in contrast to that in England (Geddes, 1995) and is primarily due to the strong relationship between ICAI and higher education institutions.

All pre-qualification examinations of ICAI listed in Table 1 take the form of 3/4 hour written papers. Not surprisingly, written examinations have formed the backbone of ICAI’s qualification process since its formation (Robinson, 1983), as they are regarded as essential in ensuring the quality of future practitioners and to maintaining the perceived high status of the profession (Banyard, 1985; Geddes, 1995).

The influence of the English and Scottish professional bodies on the education system of ICAI must also be recognised. As mentioned previously, many of the founding members of ICAI had qualified as accountants in England or Scotland



Source: ICAI (2000)

Note: An honours graduate is a graduate who has achieved an average mark of 55% (in general) or above in his/her degree.

Fig. 1. Profile of the ICAI’s student intake in 2000. Source: ICAI (2000).

and, consequently, their experiences influenced the design and content of ICAI's initial examination system. For example, the original preliminary examination covered a range of subjects including Algebra, English composition, English history, Geography, and Latin, but it did not include material directly relating to Ireland (Robinson, 1983).

As might be expected, numerous changes have been made to the structure and syllabi⁸ of the pre-qualification examinations since the first examinations were held at the end of the 19th century. On the whole, the changes made to the examination syllabi have reflected the evolving work profile of accounting firms, which in turn, reflected economic development. For example, auditing received more attention in the examination system as auditing replaced bankruptcy work, and taxation was first introduced to the examination syllabus in 1921 as the importance of taxation services increased (Robinson, 1983). Today, as many firms fulfil advisory roles for clients, more general business material is captured within the syllabi. However, like many accountancy bodies around the world, ICAI could be criticised for responding slowly to the changing work opportunities for prospective members, as syllabi changes generally lag practice changes by some considerable time (Carey, 1969; Geddes, 1995; Robinson, 1983). Also, while material relevant to the work conducted by accounting firms dominates the pre-qualification syllabi of ICAI, approximately 66% of all members of ICAI currently work outside the practice environment (ICAI, 2002a).

Professional accounting examinations have traditionally been characterised by large volumes of technical material and time-pressure (Hanlon, 1994; Power, 1991; Tinker, 1985). Although written examinations have been used consistently by the ICAI as an assessment method, their format has been altered. In the 1980s, in recognition of the increasing dynamism and complexity of the role and work of professional accountants in Ireland, ICAI introduced a series of innovations to the FAE. Firstly, three of the four papers were designated as case-based papers in order to reflect the multidisciplinary activities of accountants in the workplace. In fact, ICAI prides itself on being the first of the professional accountancy bodies within Ireland or Britain to utilise case studies (Gibson, 1988). The case-based papers not only test students' abilities to integrate knowledge from different subject areas, they also assess a broader range of attributes, such as analytical and problem solving abilities and professional writing skills (ICAI, 2002c). It was also decided that all FAE papers would be completed on an-open book basis, as this captures the reality of professional situations. Furthermore, no student can present for FAE until they have completed approximately two years of their training contract. Another significant educational innovation of ICAI was the introduction of the 'Personal Computing for Accountants' (PCA) programme. This practical examination, which is mandatory for all its students, covers word-processing, spreadsheets, database systems, and integrated accounting software, reflecting the increased use of technology in the workplace.

⁸ The examination syllabi detail the topics which are examinable. The courses offered by ICAI prepare students for the examinations, by covering the material on these syllabi.

Until the late 1970s, ICAI did not provide instruction for students preparing for its professional examinations. Instead, as in Britain, students looked to private colleges for support. However, in 1978, ICAI formed the ‘Centre for Accounting Studies’ (CAS) to provide a quality educational experience to its increasing number of students (Robinson, 1983). Today, CAS offers a programme of lectures, tutorials, and mock examinations in major cities throughout Ireland for students preparing for all of the pre-qualification examinations.⁹ In addition, materials for distance learning and weekend workshops are provided for students in other parts of the country and for those working abroad. The innovativeness of ICAI in the latter part of the 20th century, in offering instruction and in the form of its examinations, reflects its coming of age. ICAI no longer stood in the shadows of its British counterparts, but was instead leading the way in enhancing professional accounting education.

In 2001, ICAI introduced new regulations requiring minimum levels of continuing professional development (CPD). These new mandatory requirements were deemed necessary to ensure that members maintain professional competence in the light of increasing complexity in the regulatory and business environment. Members in practice are required to attain a minimum average (over a 3-year period) of 20 structured hours and 50 non-structured hours of CPD per annum, with at least half of the structured hours relating directly to the service area in which they practice. Members in business must achieve a minimum annual average of 30 CPD hours, which may be structured or unstructured hours. However, members who liaise with external auditors or who act as company directors must achieve 20 structured hours of relevant CPD. To meet the continuing professional education needs of its members, ICAI offers a full series of courses across a wide range of subject areas.

In terms of its relationships with other accounting education providers, ICAI has had a long and fruitful relationship with the higher education sector and it has always recognised the value of attracting graduates to the profession. As previously illustrated in Fig. 1, it recruits predominantly accounting and business graduates affording them generous exemptions from the professional examinations. In 1966, ICAI was the first of the Chartered Institutes in Ireland and Britain to introduce the concept of ‘approved degrees’ for purposes of awarding exemptions (Robinson, 1983). This move appears to have been prompted by a number of factors. Firstly, at this time demand for accounting services was increasing due to the expanding economy. Although accounting and business graduates faced a range of career opportunities, exemptions from the professional examinations attracted many of them to ICAI. Secondly, awarding exemptions allowed ICAI to acknowledge the work of academia in developing the discipline in higher education. Today, good working relationships exist between ICAI and the higher education sector. Many academics participate in ICAI’s education programmes through lecturing and acting as examiners. Additionally, the higher education sector is represented on ICAI’s education and training committees where its contribution is welcomed and valued.

⁹ Course fees are paid by the students’ employers.

3. Higher education

Until the second half of the 20th century, higher education in Ireland was predominantly the domain of the professional and upper classes. However, as part of its industrial development programme of the 1960s, the Irish government recognised the need to re-orientate higher education and to increase participation. In the first instance, universities were encouraged to develop more technical and vocational programmes and new technological institutions were established. At the same time, reforms within the second level system increased retention, resulting in more students being qualified to proceed to higher education. These policies, coupled with a growing population, led to a dramatic increase in participation rates in higher education, with full-time enrolments growing from approximately 20,000 in 1965/1966 to over 115,000 in 1999/2000 (Department of Education & Science, 2002). Currently, approximately 50% of Irish school-leavers proceed to higher education, with around half of these taking degree level programmes (Department of Education & Science, 2002). Furthermore, the investment in higher education in the last 30 years has resulted in Ireland having one of the highest levels of higher education attainment among OECD countries. Indeed, in 1996/1997 a greater percentage of 25–27 year olds in Ireland held higher education qualifications than in any other EU country (White, 2001).

Today, higher education institutions in Ireland comprise universities, institutes of technology, colleges of education, and a number of independent private colleges (see Table 2). Business faculties were originally established under the Irish Universities Act of 1908 (Clarke, 2001) and they have a long tradition in accounting education. In fact, the appointment of Bernard F. Shields as Professor of Commerce and Accountancy at NUI Galway in 1914, represented the first full-time chair with Accountancy/Accounting in the title in any Irish or British university (Carnegie & Williams, 2001).

Despite these early developments, the rate of growth of accounting and business programmes within higher education was quite slow, reflecting the stagnation of the Irish economy. There was little demand for an analytical or intellectual approach to business management from an environment dominated by small enterprises operating in protected domestic market (Lee, 1989). At the start of the 1970s there were only five full-time accounting academics (Robinson, 1983). However, the development of the economy led to an increase in, and diversification of, Irish business activity, which enhanced the status of business education and encouraged the universities to develop their business faculties (White, 2001). Additionally, the development of the IFSC and employers' desire for vocationally relevant graduates, culminated in business degrees becoming the popular choice of the 1980s and 1990s (Roche, 1997).

The demand for business education, together with the accounting profession's desire to recruit graduates, led to the development of accounting majors in business degrees and the establishment of specialist accounting programmes. The growth in the subject's popularity within the second level system also probably fuelled this development. Today, all Irish universities, except NUI Maynooth, offer an

Table 2
Higher education institutions offering accounting and business courses^a

Universities

Dublin City University
National University of Ireland, Cork (University College Cork)
National University of Ireland, Dublin (University College Dublin)
National University of Ireland, Galway
National University of Ireland, Maynooth
Trinity College Dublin
University of Limerick

Institutes of Technology

Athlone Institute of Technology
Cork Institute of Technology
Dublin Institute of Technology
Dundalk Institute of Technology
Galway-Mayo Institute of Technology
Institute of Technology, Blanchardstown
Institute of Technology, Carlow
Institute of Technology, Letterkenny
Institute of Technology, Sligo
Institute of Technology, Tallaght
Institute of Technology, Tralee
Limerick Institute of Technology
Waterford Institute of Technology

Other third level institutions (including private colleges)

American College
Dublin Business School
Griffith College
Institute of Public Administration
Irish Management Institute
National College of Ireland
Portobello College
Tipperary Institute

^a Source: Central Applications Office (2002).

accounting degree or a major in accounting and many of the other higher education institutions offer accounting programmes at certificate, diploma and degree level.

To cope with the expansion in accounting education, the 1980s saw a huge increase in the number of full time accounting academics. The Irish Accounting Directory 2000 (Clarke & Brabazon, 2000) lists 57 accounting academics employed in the seven Irish universities, 49 (86%) of whom hold a professional accountancy qualification, the majority (71%) being members of ICAI. The largest accounting department is at University College Dublin (12 staff) and the smallest is at Trinity College Dublin (two staff) (Clarke & Brabazon, 2000).

Academia's recruitment of professionally qualified accountants, which is in contrast to the dominant practice in Britain, may be explained by the absence of any significant tradition of postgraduate research programmes in accounting. Although

Irish accounting academics now actively pursue their research careers, they still maintain strong relationships with the profession. However, there are many opportunities for further enhancing these relationships, particularly from a research perspective. The profession could look to the academic community to undertake research on its behalf and, in turn, academics could disseminate their research findings more widely through publishing in professional accounting journals.

The vast majority of entrants to higher education in Ireland are school-leavers. Unlike the experiences in many other countries, mature students and overseas students represent only a very small percentage of the total student body. Hence, business faculties rely heavily on schools encouraging students to select their programmes. Specialist accounting programmes appear to attract students who have studied accounting at second level. For example, anecdotal evidence at Dublin City University (DCU) indicates that over 85% of students who choose its specialist accounting degree have studied accounting at school. It should be noted that the relationship between higher education and the second level system is not restricted to the flow of students. Expertise of accounting faculty has been an integral part of the development of the school curriculum through its involvement in the ‘Second Level Senior Cycle Course Committee for Accounting’ and the provision of lectures and workshops to teachers.

4. Second level education

Essential to the attainment of the industrial expansion plan of the 1960s was increased participation in, and reform of, the second level education system. To boost participation, the school leaving age was raised to 15, free transport was introduced, subsidies were provided to existing schools, and new schools were established. Changes were then introduced to re-orientate the curriculum away from the predominance of academic subjects and towards a technical and vocational direction. Before these reforms, the great majority of Irish people only experienced primary education, whereas Ireland now has one of the highest participation rates in second level education among OECD countries (Leddin & Walsh, 1998).

Second level education in Ireland typically serves students from the ages of twelve to eighteen. It consists of a 3-year junior cycle followed by a 2- or 3-year senior cycle. The junior cycle culminates with the completion of the Junior Certificate examination, the first of two public examinations in the second level system, in which students generally present in nine distinct subjects. The senior cycle embraces the 2-year Leaving Certificate (LC) programme, though students have the option to commence the senior cycle with a transition year which focuses on non-academic material and usually includes a period of work experience. The objective of the LC programme is “. . . to prepare pupils for the immediate entry into open society or for proceeding to further education” (Department of Education & Science, 2001, p. 17). It consists of a wide range of subjects that are divided into five groups: Languages, Sciences, Business Studies, Applied Sciences and Social Studies, which are assessed by the public LC examination. Within the LC programme, all students (with a few

Table 3
Grades for LC higher-level papers

Percentage mark	Grade	CAO points
90–100	A1	100
85–89	A2	90
80–84	B1	85
75–79	B2	80
70–74	B3	75
65–69	C1	70
60–64	C2	65
55–59	C3	60
50–54	D1	55
45–49	D2	50
40–44	D3	45
25–39	E	–
10–24	F	–
0–9	No grade	–

exceptions) are required to study Irish, English and Mathematics. Additionally, they must select a number of subjects from some, or all, of the subject-groups on offer. It is very common for a LC student to select a set of subjects from across the groups, for example, a student may choose as his/her optional subjects: French, Biology, Accounting, and History. In recent years, the majority of students presents in seven subjects in the LC examination.

In 2002, over 55,000 students took the LC examination across 30 subjects (Irish Independent, 2002). Generally, LC subjects are assessed by a written, terminal, closed-book examination. For some subjects, the final assessment includes another type of examination, e.g., oral and aural examinations for languages or a practical examination for music. Examination papers are usually set at two levels, namely, ordinary level and higher level. The higher level papers are more testing than ordinary papers due to a more extensive syllabus and/or a greater level of difficulty in the questions posed. Typically, students hoping to progress to higher education will complete as many higher-level papers as possible. The pass mark for all LC examinations is 40% and students are awarded grades on the basis of the marks achieved in each subject. (see Table 3).

Student performance in the LC examination is the main basis for entry into higher education.¹⁰ As the demand for university places greatly exceeds supply, the LC examination is highly competitive. The allocation of undergraduate places to school-leavers is operated by the Central Applications Office (CAO). All universities, institutes of technology, other state funded institutions and the majority of private colleges fall within the CAO system. In January of their final school year, students submit an application form to the CAO, listing in order of preference, 10 choices of degree

¹⁰ A small number of courses use alternative selection tools in addition to LC grades. For example, music and drama programmes may require applicants to attend for interview and give a practical demonstration of their skills.

programmes across the various higher education institutions. On completion of the LC examination, students' grades are converted into points (see Table 3) and a total for each student is calculated, based on the grades of six subjects. Students are then ranked on the basis of total points to determine the allocation of places.

Prior to 1969, there was only one business subject, Commerce, offered in the LC programme. This subject combined elements of accounting, business practice, and industrial history. However, in 1967 a Department of Education committee, in light of the increasing emphasis on vocational education, recommended the creation of a group of business subjects consisting of Accounting, Business Organisation, Economics, and Economic History (Breathnach, 1988). Following this, Accounting was introduced as a separate subject and was examined for the first time in 1971. A common syllabus that included bookkeeping and financial accounting topics was introduced for both ordinary and higher levels. Additionally, the examinations for both levels focused on computational, problem-solving questions rather than the exploration of theoretical issues (Byrne & Willis, 1997, 2001). As part of a general review of the LC programme, a new LC Accounting syllabus was introduced in 1995. This new syllabus maintains an emphasis on financial accounting, but, for the first time, a number of management accounting topics were introduced. The subject is assessed by a 3-hour written, terminal, closed-book examination.

The popularity of Accounting within the LC programme has varied significantly over its lifetime. In 1971, 28% of LC students sat the first Accounting examination. The percentage then fell until 1974 when it started on an upward trend and reached its peak in 1990, with 29% of LC students taking the accounting examination that year. The popularity of the subject in this period can probably be attributed to a number of factors. With such an emphasis on vocational relevance, LC Accounting was perceived as providing useful knowledge and skills for obtaining employment. In addition, with increasing numbers aspiring to study accounting and business at higher education, completion of the LC Accounting course was viewed as beneficial.

Since 1990, accounting's popularity has been declining, with only 13% of LC students taking the accounting examination in 2001 (Byrne & Willis, 2002). The reasons for this downward trend are not clear. Anecdotal evidence suggests that LC students perceive that it is more difficult to achieve a high grade in Accounting than in other subjects. However, a review of examination results shows that, since the introduction of the new syllabus, the percentage of students achieving 'A' grades in Accounting is higher than in many of the more popular optional subjects (Byrne & Willis, 2001). Teachers contend that the syllabus for Junior Certificate Business Studies (which includes basic accounting) does not provide a good foundation for LC Accounting and it fails to stimulate an enthusiasm for the subject (Byrne & Willis, 2002). There should be concern both within higher education and the accounting profession regarding the continuing decline in the popularity of LC Accounting, given its potential influence on the selection of accounting programmes in higher education.

5. Future challenges

Having explored the evolution of accounting education within the second level system, higher education and the profession, it is necessary to consider further the challenges that this exploration has exposed. There is little doubt that the education challenges facing ICAI are many and varied. Recent indicators point to an economic downturn in Ireland, with declining growth rates, increasing inflation, and increasing unemployment. Not only will such an environment reduce the employment opportunities for existing members of ICAI, it will also have implications for the careers of the large numbers of recently recruited students. It is thus incumbent on ICAI, through its pre-qualification and continuing education programmes, to develop knowledge and skills among students and members that will distinguish them in an increasingly competitive marketplace and will enhance their career flexibility.

While ICAI was highly innovative regarding pre-qualification education in the 1980s, it seems that the huge increase in student numbers in the 1990s has caused the body to focus on operational educational issues at the expense of strategic issues. The time is now ripe for ICAI to re-ignite the fires of innovation. One possible avenue for change would be to centre professional education around the goal of lifelong learning. Such a focus would require an innovative qualifying examination, with a greater emphasis on transferable skills as opposed to technical knowledge. It would also demand a reconceptualisation of the nature and form of continuing education. A first step in this change process could be the initiation of a programme of research exploring learning issues in the domain of professional accounting education. Building on the extensive literatures on student learning in higher education and management learning, such a programme of research could inform changes in educational practice and could re-establish ICAI as a leader in professional accounting education.

While demand for business and accounting programmes within higher education remains high, it is critical that accounting educators do not become complacent. The popularity of subject areas can change dramatically in a short space of time, as evidenced by the recent decline in applications to information technology programmes. Accounting academics have an important role to play in maintaining the quality, relevance, and attractiveness of their programmes. It is vital to equip students with more versatile skills to enable them to become premier business advisors as opposed to merely custodians of technical knowledge. It is also imperative to build stronger relationships with practitioners and the business community in order to incorporate real world developments and issues into the classroom. Accounting programmes that combine academic rigour, professional relevance, and educational innovation will hopefully foster interest in accounting and will attract high quality students.

The decline in the study of LC Accounting within the second level system is worrying, as it may have an impact on the number and quality of students applying to accounting programmes in the future and ultimately on recruitment to the profession. Recent studies have shown that students are making career decisions earlier, and that many of them choose their career before completing their second level education (AICPA, 2000; Nelson & Deines, 1995; Nelson & Venzryk, 1996; Smyth

& Hannan, 2000). Given the importance of the school experience in shaping students' career choices, several studies in the USA have called for promotional efforts to be directed at school students to help reverse the decline in accounting enrolments (Felton, Burh, & Northey, 1994; Hermanson, Deines, Eldridge, Hermanson, Ivancevich, & Williams, 1996; Karnes, King, & Hahn, 1997).¹¹ Similar efforts are required of both the professional and academic communities in Ireland. The profession must actively promote accounting as a desirable career and encourage school-leavers to pursue accounting and business programmes within higher education. For their part, higher education institutions need to ensure that students who do not take LC Accounting are made aware that they are eligible to undertake accounting programmes. Indeed, they should be proactive in encouraging such students to pursue this option.

6. Conclusions

Accounting education in Ireland has clearly been shaped by economic history. As the industrial base of the country expanded, accounting education within the profession, higher education, and the second level system developed to meet the needs of the economy. While many features of accounting education in Ireland are unique to its context, there are also many similarities with accounting education systems in the USA, Britain, Australia and elsewhere. Furthermore, accounting education in Ireland is today serving an accounting profession and an economy that are very similar to that experienced in other developed countries.

But what has been learnt from explicating the current state of accounting education in Ireland and by exploring its origins? Ultimately, by examining the development of accounting education in Ireland and by delineating the factors that have fostered change, a deep contextualised understanding of the current position has emerged. This facilitates further research comparing Irish accounting education to that experienced in other countries and to the education systems of other professions in Ireland. Furthermore, this understanding helps to explicate the potential challenges that lie ahead for accounting educators. There is no doubt that these challenges demand a swift and integrated response if accounting education is to successfully meet the demands of Ireland's increasingly dynamic, competitive, and complex business environment.

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¹¹ Also in the USA, PwC (2003) have called for increasing flexibility in meeting the 150-hour higher education requirement in order to attract high quality students into accounting.

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