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Practices and Problems in Communication - the Accountant and the Distance Educator

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This paper argues that accountants and distance educators share a problem in communication with their clients in that, in many cases, interaction in the communication process is essentially precluded by the nature of the service they offer. This paper reviews the procedures employed by accountants and distance educators in communicating with their clients, with a view to determine how each group can benefit by employing practices utilised by the other.

It is argued that developments in communication through distance education have been limited only by developments in communication technology and costs. As striking developments in communications technology have been made in the past decade, and costs of using such technology have been falling, distance educators have been exploring and exploiting a range of media options in communications between the teacher and the student. In contrast, accountants have confined themselves exclusively, or almost exclusively, to communication by print. It is argued that accountants have allowed themselves to become hidebound in this practice, and that the profession may look at adopting other media options to communicate financial reports to advantage.

In contrast, the accountant works with an, albeit imperfect, formal, well-developed conceptual framework to structure communication

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[1] In this paper the term 'distance educator' is taken to encompass the roles of the subject specialist, and the specialist skills required to frame a message that can be readily comprehended by the recipient. As these skills are not necessarily vested in one person, the term 'distance educator' may refer to a team.

through published financial reports. The distance educator has no comparable framework. It is argued that the lack of a conceptual framework of distance education causes communication problems both at the course development stage, and between the distance education course co-ordinator and her/his student. It may also impose limitations on cross crediting processes between institutions, and the sharing of distance education course materials. While acknowledging the difficulties accountants have experienced with the conceptual framework programme, this paper argues that distance educators may usefully but cautiously consider establishing such a framework within their discipline.

The paper concludes that accountants, if prepared to acknowledge that they do not offer a truly equitable service to their clients through the provision of annual audited financial reports, can improve the quality of communication currently provided by way of published financial reports. Distance educators may be able to improve the quality of their communication processes by developing a distance education conceptual framework.

It is one of the generally accepted attributes of a profession that the professional communicates directly, and usually on a face to face basis with her/his client. This not only helps to ensure confidentiality; it also provides every opportunity for the communication to be a success.

There are only two cases, to our knowledge, where the professional person communicates with clients at a distance.

The accountant is the first, where the client is the absentee owner or stakeholder. Even if it were possible for a reader or client to interrogate the accountant, ethical considerations would preclude the accountant from responding. Interested parties in an organisation might reasonably expect to get the same information

at the same time. Nobody has an 'edge' in making investment/ disinvestment decisions.

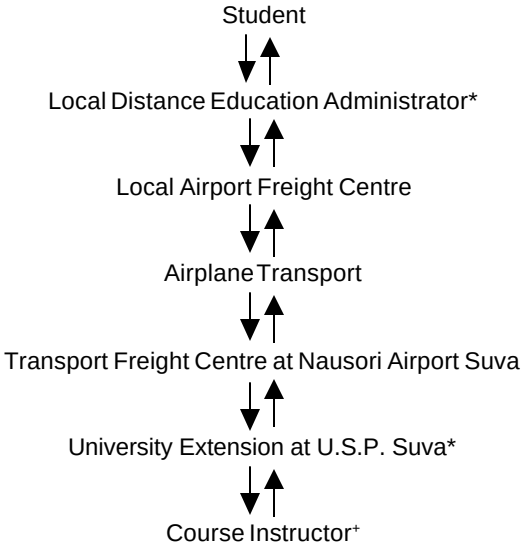
The second case is that of the distance educator.[1] The term 'distance education' covers the various forms of study at all levels which are not under the continuous, immediate supervision of tutors present with their students in lecture rooms or on the same premises but which, nevertheless, benefit from the planning, guidance and teaching of a supporting organisation (Holmberg, 1989). Besides the print medium, other technologies are now available for the transmission of knowledge, and the distance educator has the choice to select and use them in varying capacities.

For many students, distance education is a far more convenient means of study than on-campus study. The social and economic pace of change requires many people to re-skill in mid career. Social responsibilities may well preclude the possibility of geographical relocation to a university campus. Indeed the costs of geographical mobility in some societies, PNG and small island States particularly, suggests that it may be more cost effective to bring education to the client, than to relocate the client to the institutional setting. Campus and distance education may currently be regarded as alternatives. Both supply and demand factors suggest that distance education is destined to become the norm. The 'one way' nature of distance education does, however, pose particular challenges to the educator. Opportunities for the recipient of the message to seek clarification have often been limited, or quite possibly non-existent. However, with the advent of online learning and web based course tools for collaboration, communication between the student and distance educator, and among students as a group, have been made quicker and more 'immediate'. Bulletin boards, discussion fora and email allow the student to communicate more readily and seek clarification on matters relating to their distance education courses in a 'virtual' classroom environment.

> The resources of the Internet and the World Wide Web make possible both the provision of dynamic content and interaction between teachers and students, and among students, to an extent that has previously been impossible (King, B. 2000).

Development in communication systems has enhanced the possibilities for interaction between the distance student and the distance educator. However, such interaction may not always be cost effective. The educator interacts typically with one student through an email dialogue, but with many students in the classroom. The onus is therefore very much on the distance educator to communicate effectively first time.

Consider, the admittedly extreme case, of a University of the South Pacific (USP) distance education student, wishing to obtain feedback, perhaps by way of a marked assignment, from the course instructor, located at the main campus. The journey the message takes can be illustrated as follows:-



There are a total of twelve links in the communication process, as opposed to just two (student and course instructor) in face-to-face teaching. Four are the responsibility of the distance education administrators (marked with an asterisk) and one the responsibility of the course instructor (marked with a cross). As there are twelve links there are twelve opportunities for communication failure. The responsibility for six of the links in the chain lie with organisations in no way connected with the University, i.e. the airlines. It might be regarded as a minor miracle that any communication succeeds at all!

While the USP case may be an extreme one, distance educators and their students will typically face a number of links in the communication chain that do not exist for their campus counterparts. With online learning, these links are becoming more aligned as you see the on-campus student sitting at a computer and working through the same course as his/her counterpart in a 'distance' context. The biggest challenge in the communication for both students in the sending and receiving of messages is bandwidth whilst the biggest cause of drop outs in online learning is forgotten passwords to log onto courses (Whyte, A. 2001.)

The timeliness of the response by the course coordinator will also affect the quality of the communication. One oils the wheel that squeaks the loudest. Missing tuition sessions on campus or failing to submit a report by the given deadline invites instant admonition. Complaints relating to delays in returning distance education assignments may not eventuate - the student may drop out in frustration. Where complaints are made the course instructor has a ready-made excuse, namely that the problem lies somewhere else in the communication system. It must, of course, be noted that this type of communication problem is generally far more acute for a distance student in a remote location than one with ready access to the education provider. The non-academic communication problems confronted do not impinge equally on distance students.

The distance educator, however, is not constrained in the same way in dealing with individual student enquires, as the accountant is in dealing with such enquiries from corporate stakeholders. Students are not in direct competition with each other. Providing one student with extra feedback does not damage any other students' prospects of securing a pass mark for the course. In contrast, providing one corporate stakeholder with information, not equally available to another, opens up the possibility that the well informed stakeholder can exploit the ill informed stakeholder. Where the capital market is taken to be weak form, or semi strong form efficient, this can be done without any particular effort on the part of the well-informed party.

Approaches to communication have naturally been influenced by the purpose of the communication. The accountant's financial reports serve a narrow technical function, whereas distance education serves a heterogeneous collection of disciplines and purposes. This heterogeneity in itself has doubtless provided an impetus to the distance educator to actively explore different communication strategies. For example, most, if not all, courses would be greatly diminished if presented without a practical component. This is particularly true for courses in pure and applied sciences. The distance educator is obliged to address the issue as to how this can be incorporated. A course in philosophy poses a different set of communication problems.

The accountant, on the other hand, is not challenged in the same fashion. In consequence, the presentation of financial reports in print has become accepted as appropriate, virtually without question. The possibility of communicating by way of other media, although explored by Gambling (1985), has essentially been discarded by the accounting profession as eccentric. This is, perhaps, unfortunate. Innovation in communication by the distance educator has served to demonstrate alternative approaches to communication to that of print, which the accountant would do well to consider in

the context of financial reporting. They may offer means of enhancing the quality of the accountant's communications, without necessarily compromising the principle of equal access to information.

Refinements in communication

(a) Financial Reports

The quantity of information required in financial reports has grown in recent years. The number of users, and their sophistication has grown. Organisations have become progressively more complex. More information can be absorbed, and more information is required in order to come to terms with an understanding of an organisation's financial standing. Costs of generating information have a significant fixed element. Over time, growth in incremental benefits from disclosure has outstripped growth in incremental costs. Society has responded by mandating increased disclosure through legislation. In some regimes, where it is acknowledged that the legislative reform process cannot keep pace with emerging needs for information, the authority to mandate disclosure has been contracted out of the legislative process.

Whether or not refinements in qualitative terms have been achieved is less clear. The reader's conclusion on this matter will depend upon her/his stance on (i) the purpose behind the promulgation of Statements of Standard Accounting Practice, - are such statements formulated to promote good accounting practice, or are they a political device (Hines, 1989), and (ii) whether or not the standards do improve reporting practices, or are in fact counter-productive (Baxter, 1981). The purpose of this paper is not to debate these issues. It is however pertinent to note that the Conceptual Framework setting process is the only means that has been developed which, <u>if appropriately employed,</u> can serve to improve the quality of financial reporting. The final section of this paper will consider the possibility that the accountant's approach to refining

the communication process can be adopted with advantage, by the distance educator.

(b) Distance Education

While the financial reporter has remained bound to the use of print for communication, the distance educator has proved to be far more innovative. The original distance education programmes – the correspondence courses – were delivered solely by print. However, there was limited opportunity for two-way communication between educator and students through the assignment process. Today, the distance educator might deliver a programme by use of:

- audio tapes - radio
- video tapes - television
- computer assisted learning
- delivery by placing a programme on disc(s), or via the Internet
- peer group support systems
- communication via satellite
- selective face to face teaching

Any combination of the above options might be employed as an alternative or supplement to print. As already noted, the only constraints that the distance educator faces are cost, professional development to effectively use the various communication tools in the teaching/learning process, and the availability and usefulness of the medium in achieving the academic objectives.

Assuming that the distance educator employs the media options intelligently, there must be a qualitative improvement in the education opportunities offered over the purely print-based course. The same course content provided by a range of different media, or combination of media, by different education providers (or possibly even the same provider) with associated cross-crediting provisions

offers the student choice. Students benefit by selecting the option which best suits their aptitudes and circumstances.

Innovation in the context of Financial Reporting

The question needs to be asked, why has the financial reporter not explored these options that the distance educator has taken? There are a number of possibilities:

(a) Equity

The financial reporter is bound to deliver the same information to the stakeholders entitled to such information at the same time. Otherwise one stakeholder may benefit at the expense of another by being able to act on what would essentially be privileged information. While, traditionally, this has been seen as requiring communication by way of printed material, computers and Internet access are fast becoming regarded as conventional necessities by the affluent segment of the world's population who are the investors. Publication of financial reports by way of the Internet need not be seen as compromising the equity of the reporting process. Pratt suggested an approach to reporting along these lines as early as 1987. The number of stakeholders disenfranchised by a move to this means of disseminating information may be no greater than those disenfranchised by the use of the medium of print owing to an inability to read.

Issuing corporate reports via the Internet, in fact, has the potential to eliminate any residual inequity of access that persist owing to differences in mailing times. This residual inequity has become significant, given developments in information technology over the last decade, and their applications on stock exchanges. Mailing time differences are more than sufficient for the early recipient to exploit the ignorance of the late recipient. The accountant may soon consider her/himself obliged to consider communicating financial results to concerned parties via the Internet to offer

equitable access to information. The idea of equal access to information by way of the print media may well belong to a bygone era.

It should be noted that there is no legal impediment to the communication of financial reports by these means (at least with respect to jurisdictions which the authors are familiar with).

(b) Relevance and Understandability

It is on the grounds of relevance that the financial reporter's lack of innovation vis a vis the distance educator seems most reasonably justified. Financial reports are complex. Even jurisdictions which mandate relatively limited disclosure still provide for financial reports from which a considerable number of pertinent relationships can be drawn (Laurent, 1979). The recipient will need to draw on data across the separate documents within the report to make a full analysis of a financial position. Just as the distance education student may need assistance from study materials to understand an abstruse argument from a course text, the reader of financial reports may need explanations regarding obscure but significant items of information. This could be true particularly where controversy exists over generally accepted accounting practices. Such explanations would of course be subject to the audit process.

The complex nature of financial reports and an expectation of growing complexity adds to the attraction of delivering the financial report by way of the Internet.

Explanations of reports deemed as necessary could be offered on a cursory basis only, with the reader directed to a part of the report where a detailed explanation is offered. The Pareto 80-20* rule suggests that, while such explanations could prove useful to some

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* The Pareto 80-20 rule states that 80% of the information sought can be obtained from 20% of the information available.

readers, only a small proportion of them are likely to be referred to by any one reader. The reader avoids the feeling of information overload that a detailed bulky report delivered in print is likely to create.

Reporting via the Internet also offers the opportunity for the reader to interact with the producer. Recipients of reports could be given a certain period of time to submit questions regarding the financial report to the producer. These questions could then be consolidated, and the condensed questions and their answers again be communicated via the Internet. All users of the report would then learn of all other users' concerns and the appropriate explanations at the same time. The exercise could be subject to an audit process. If it was felt that questions submitted were too numerous to enable a timely response to be made, a predetermined number of the most frequently answered questions could be dealt with. It might be hoped that extensive questioning on a wide range of issues would not occur often, once such a system of interaction is established. If such questions regularly occur once such a regime is established, it would imply that the reports initially provided were fundamentally inadequate. These shortcomings could be addressed in subsequent reports.

Many companies already make part, or all, of their annual reports available on their web page. In the USA the Securities and Exchange Commission provides access to its EDGAR database via the Internet. This database contains the annual reports of all U.S. listed companies. Many analysts will also respond to enquiries on company reports via the Internet (Wallman, 1997). A U.K. survey found that the companies that comprise the Financial Times Share Index also provide such information on their web pages on a voluntary basis. In short, media developments in corporate disclosure are already travelling along this route.

There is also nothing to prevent organisations providing the appropriate explanations in the financial reports on their own

initiative. 'Ben and Jerry's' does so, but is perhaps the only organisation which provides such explanations. (Ben and Jerry's annual reports are now distributed with certain financial accounting texts as a pedagogical tool). The question needs to be asked, why is Ben and Jerry's the 'odd man in'? Do companies feel that their financial reports are already comprehensible to all their readers? Or more sinisterly, do they wish to keep the reports as incomprehensible as possible? The accountant may do well to consider the position of the distance educator on this matter, for whom the provision of non-technical explanations of technical information can be regarded as 'standard practice'.

Another possibility is the use of schematic faces in conveying information. Smith and Taffler (1996) have reported some success in applying this technique. Facial features are allocated to convey the profitability, working capital to capital employed, leverage, and liquidity positions, of an organisation. A neutral expression for each feature is set as the industry average. The degree by which each feature is set as conveying a happy or sad disposition is determined by the extent to which a company's performance was above or below the industry average. Smith and Taffler reported that information communicated in this form proved to be well understood when the technique was tested under laboratory conditions. It should, however, be noted that other research on the use of graphs and diagrams, etc, has suggested that they are an effective means of conveying a good general understanding of an issue, but do not contribute to a detailed understanding (Blocher, Moffie and Zmud 1986).

(c) Costs

The previous subsection compared the possibility of providing a menu of accounting measures and an explanation as to their significance, through print and by way of computer technology.

Indeed a general cost advantage can be claimed for transmitting information by computer technology, which can be exploited once

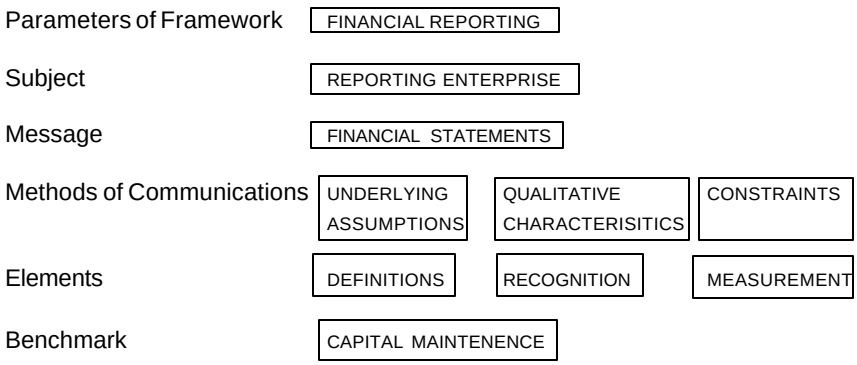
the computer is regarded as being a standard household appliance.

Costs of providing information in print have been rising steadily. Costs of providing information by computer technology have been falling. There seems no reason to presume that this trend will not continue for the foreseeable future, particularly if ecological costs are included in the calculations. Indeed, it is possible to envisage a time when print will be a medium used only by eccentrics, the rich, and those implacably opposed to change.

Regulation in the context of Distance Education

Regulation within the Accounting profession has been established around a conceptual framework which establishes general principles upon which the communication process is based (International Accounting Standards Committee 1989). Following from the conceptual framework, statements of standard accounting practice have been developed to establish the particular practices to be employed in communicating specific pieces of information in the financial reports. The structure of the International Accounting Standards Committee (I.A.S.C.) conceptual framework approach to regulation can be presented diagrammatically as follows.

Diagram 1: The IASC Conceptual Framework



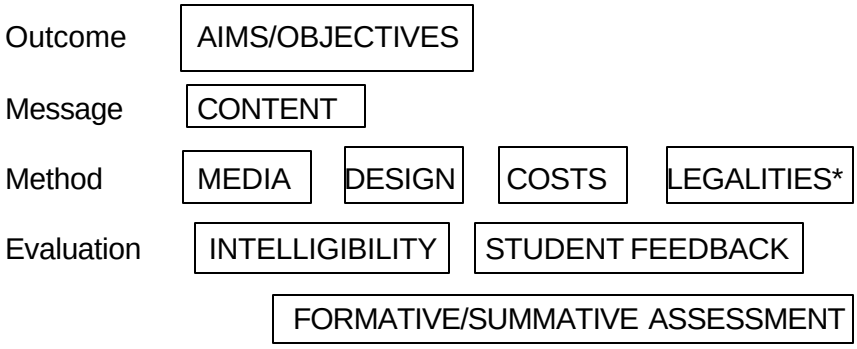
At first sight it might seem that there is no basis for comparison between the distance educator's work, and that of the accountant with regard to regulation. There is no equivalent to the Companies Act/Code, Conceptual Framework or Accounting Standards to which the distance educator is obliged to refer and defer. Texts on writing distance education course materials do, of course, exist such as those of Lockwood (1992) and Rowntree (1994). The subject specialist working in distance education is, however, under no obligation to refer to them, – and may indeed be blissfully unaware of their existence. However, the subject specialist typically works with a team of facilitators. Part of the role of this team, particularly that of the editor, is to curb the subjects specialist's excesses. They seek to ensure that the course material is designed to achieve the objective of educating the distance student, not to impress the subject specialist's peers with her/his erudition. Distance education course development is therefore subject to case by case regulation, as compared to financial reporting where regulation is undertaken in the context of a national framework, and possibly in the future an international framework.

Distance education may benefit by moving to a more generalised form of regulation. Case by case regulation is open to the limitation of being incomplete. Personalities in the team will tend to determine how rigorously the regulatory function is exercised. Non subject specialists may be less subject to scrutiny than the subject specialist. Their input is presumed to be designed to facilitate the communication process. However, just as the subject specialist may focus on content at the expense of the intelligibility of the material, is it not possible that a team member charged with design work, say, will add so many embellishments to the material, that they serve as a detractor from, rather than a focus to, the message?

An explicitly stated set of principles on distance education course development could afford a common frame of reference for all

members of any course development team, and serve to make course development exercises more productive. Institutional in house rules may serve to overcome the limitations of such ad hoc regulation. However, there is a clear case for going further. Validation processes, cross-accreditation arrangements, student exchange schemes, alliances of institutes into consortia, and national and international evaluation schemes, are all serving to detach education programmes from sole providers. The distance education student is far better placed to select courses from a range of producers than her/his campus counterpart. In doing so, however, the student would necessarily wish to be satisfied that quality assurance procedures were in place, such that principles of course construction are both sound, and common, across the range of institutions from which she/he selects courses. Diagram 2 offers a conceptual hierarchy that may provide the beginnings for such a framework.

Diagram 2: Towards a Conceptual Framework for the Distance Educator



*for example, copyright issues

The case for a complete and/or universal conceptual framework can, of course, be overstated. The 'complete' conceptual framework

has eluded accountants. Accountants explicitly acknowledge the limitations implicit in such frameworks, by accepting that there are constraints on the construction of relevant and reliable information (IASC 1989). A universal conceptual framework for distance education course development will doubtless have its limitations and constraints too. For example, a communication strategy that is appropriate in one culture may not prove effective in another. Cultural differences abound, even among the student population of a single institution. Consequently it may prove difficult to incorporate this important factor as a constraining factor under 'method' even in a localised conceptual framework.

Evans and Nation (1989) make a succinct observation regarding this general difficulty associated with this approach, if not applied with due care. "Course development can be said to be set within a 'framework' that has developed as part of the theory and practice of distance education that has emerged since its conception as "correspondence courses". But it will probably always be part of a larger system and guided by certain institutional processes and procedures within this system. The course development model an organisation follows must be flexible and must be applied on a case-by-case approach to ensure that the content, learning and teaching style, student characteristics and delivery mode are compatible. Otherwise you will end up with a system that promotes 'instructional industrialism'" at the cost of the quality of learning and what the students' want/need.

The quality of learning and student's needs should therefore be at the forefront of the distance educators' mind in applying the conceptual framework.

The framework needed, then, is one which challenges the distance educator to consider all the factors at play at each stage of course

development, rather than one which directs the developer to a particular approach.

Limitations to conceptual frameworks in accounting are widely acknowledged (Wallman, 1997), yet accountants as a profession have embraced the conceptual framework, and statements of standard accounting practice as a means of refining the communication process, and thereby improving the quality of the communication. Allowing for the possibility that the accountants' conceptual framework and standards are actually developed solely as a means of legitimising the profession (Hines 1989), this does not preclude the possibility that these devices do not contribute to better communication (Solomons 1986), as noted earlier.

Distance educators may do their profession a service by contemplating the development of a conceptual framework. The accountant's approach is acknowledged as flawed. Certain accounting standards have been constructed in such a way that they are at odds with the conceptual framework. Accounting professional bodies in fact accept this. The IASC's Conceptual Framework document explicitly states that the pronouncements of individual statements take precedence over the general principles of the conceptual framework (IASC, 1989). Many attempts that have been made to rationalise standards with the conceptual framework have proved to be half hearted and ineffectual. This does not invalidate the conceptual framework process, nor need it deter the distance educator. The accountant's shortcomings serve to identify errors for the distance educator to avoid.

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