

Advertised Skills and Characteristics of Management Accountants

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Abstract

In New Zealand there have been a number of articles about the changing profile of accountants in today's environment. Recent debate is focusing on the goal congruence of educators and practitioners. Professional accounting bodies are also identifying the changing needs of the accounting professionals' skill sets as a key area of future focus irrespective of what job title the accounting professionals operates under. This paper seeks to identify the key skills and characteristics of management accountants which are being looked for by employers in today's market. Situations vacant for management accountants were surveyed. The results indicated that communication skills were advertised the most frequently, marginally ahead of technical skills. Of the Characteristics leadership was most frequently advertised. The survey in this paper confirmed the practitioners actions in situations vacant advertising are congruent with their requirements profiled as essential skills in potential employees, today's students.

Keywords: Skills, characteristics, management accountant, situations vacant, advertising.

Advertised Skills and Characteristics of Management Accountants

Boer (2000) has stated in his paper 'Management accounting education: yesterday, today and tomorrow' that "In the early days cost accounting was very different from what it is today". Boer (2000) identifies that with improved technology, what management accountants computed fifty years ago is now being accessed directly on desktops by business managers. This change to management accountants has created a need for the management accountants to shift their focus to information use and presentation for specific customer's needs.

Other studies undertaken discuss the change in Management accounting focus from technical accounting skills to more of a business partner role, requiring greater emphasis on communicating, listening and team skills; which have often been profiled by practitioners as lacking in the academic delivery to students. This survey looks to see how closely practitioners are advertising these desirable skills identified by them to potential candidates and academia as being key success attributes. This paper also seeks to look at what skills and characteristics are in demand from current potential employers and does the advertising align to the results from other surveys conducted.

Technology advances today with IT surpassing its own milestones within an ever decreasing timeframe, has meant that routine tasks and traditional number crunching of the past is now done by computers, in the age of automation. A shift from basic cost card

methods in the early 1800's to business intelligence review focus of today using Balanced Scorecards or digital dashboards amongst numerous tools has required the management accountant to shift the focus of their skills. Siegel (1999) in reviewing the US Institute of Management Accountants (IMA), conducted personal interviews which all supported the view that the management accounting role had changed significantly in 1999 and "have been transformed from 'bean counters' and 'corporate cops' on the periphery of business decision making to 'business partners' and valued team members at the very centre of strategic activity". The survey result confirms that the role of the management accountant within organisations has changed over time to being more inclusive in decision making which places a greater emphasis on skills like interpersonal communication, and emotional intelligence than the historical focus of numeracy and accuracy.

Recent debate is focusing on the goal congruence of educators and practitioners. Professional accounting bodies are also identifying the changing needs of the accounting professionals' skill sets as a key area of future focus irrespective of what job title the accounting professionals operates under. The Chartered Institute of Management Accountants (CIMA) in the United Kingdom (UK) in their discussion paper entitled "Transforming the profession; Management accounting is changing" (Allott, Weymouth, & Claret, 2000) recognises that in the UK "Only 15% of the labour force are in manufacturing, and this will go down to about 10% by the year 2010". The shift in the labour force indicates an economic shift to service organisations, and shift in CIMA's curriculum to reflect this change and the increased need to be customer focused and be a 'business partner' in the role as management accountants. Allot et al (2000) also

supports the view that management accounting has changed “management accounting is continuously evolving with the emphasis from a cost determination and financial focus, to the provision of advice that results in addition or creation of value, to taking part in decision making and strategy formulation”

CIMA identified in their 1997 survey, the future outlook of knowledge, ability and qualities required by management accountants in the 21st century. These qualities, listed amongst others are:

- First class communication skills,
- A consultative approach, coupled with the ethos of team building and teamwork;
- Well developed people management and leadership skills to maximize the contribution
- A skill to consistently formulate sound business strategy with ever increasing regularity in a fast moving economy
- Good commercial acumen

CIMA’s discussion paper highlighted that these skills will move the focus of management accountants from technical to management.

The skill gap of what employers and practitioners require of their employees compared to what graduates entering the work force are equipped with; is focused around the non-technical skills and the personal skills of communication particularly verbal, listening skills and priority management. The results of a UK survey (Hassal, Joyce, Montano &

Anes, 1999) evidences that this skill gap does exist. Dyer (1999) highlights the outcomes of the American Accountants Association (AAA) committee – the Bedford Committee reiterating in 1986 that a plan of action was needed to address the ‘growing gap of what accountants do and what accounting educators are taught’. Communication skills, interpersonal skills within groups and organizational knowledge featured highly as necessary skills to equip the future accountant with the skills to become “an information interpreter rather than a data gatherer”.

A New Zealand study was undertaken by Hawkes, Fowler & Tan (2003) which surveyed tertiary education institutions and private New Zealand companies. The survey was addressed to the head of each accounting department or the chief financial controller as appropriate, canvassing their opinion of the importance of specified management accounting techniques, skills and characteristics. The Hawkes et al. (2003) survey results concurred with findings in the Novin, Pearson & Senge (1990) study, that thinking, problem solving, and listening are the most important skills of those profiled by both practitioners and academics. Common sense, motivation, professional attitude, and intellectual capacity were the most important characteristics selected by both practitioners and academics.

In New Zealand there have been a number of articles about the changing profile of accountants in today’s environment. Rouse, in the September (2006) issue of the Chartered Accountant’s journal; reported on the outcomes of the meeting between the Chartered Institute and management accounting academics forum on teaching and research. This key discussion identified, the value added aspect of management

accountants to business, and the importance of communication skills and group work already in accounting courses. Furthermore a number of national collaborative points were agreed upon, including the clarifying of management accountant competencies and contribution, and improving the branding of the Management Accountant. .

The increased requirements of compliance and complexity with International Financial reporting Standards (IFRS) being introduced, alongside the need for value creation in the business by the finance professional was summed up by McMillan, Chief Manager Finance, ASB Bank “The Challenge is to be seen as value adding. This comes down to either producing a lot of information or quality information, quantity versus quality. We need to ensure we are giving the key messages and not just swamping them with information. It’s about getting the balance right” (Gray, 2006). This getting the balance right often comes from the soft skills like communication, consultation, business acumen, and experience complimenting the learned techniques. Gray (2006) noted that future increased complexity of financial accounts is creating an increased request for “internal management accounts for the Board”, a further indication of changing environment of opportunities for management accountants to demonstrate their skills.

Australian evidence of highlighting the changes in management accounting skill and characteristics focus was supported by a survey report completed by Lowry and Yap (1997) where a gap was identified of the generic skills particularly communication skills being the highest priority over technical skills. A gap exists between academia and practitioners of what skills a Management accountant needs to be a ‘business partner’; cross functional team member and analyst in their role.

This paper seeks to identify the key skills and characteristics of management accountants which are being looked for by employers in today's market. The next section of this paper explains the method, followed by results, discussion, and conclusion.

1 Method

1.1 A working definition of the term 'Management Accountant'

The definition of a management accountant is important in this paper because of the constraint on how people advertise, because people don't necessarily call the role management accountant. The management accountant title is branded poorly (Rouse, 2006) and there is even anecdotal evidence that a title of anything but management accountant is favoured.

Hansen and Mowen (2005) identifies the "Cost and management accountant is responsible for generating financial information required by the firm for internal and external reporting." In the survey undertaken in this paper, the definition was refined by the writer to exclude any position encompassing the specific responsibilities of taxation. That is tax manager and or only financial reporting and taxation responsibilities with no reference to internal reporting requirements or any variance analysis. This application of definition is similar to that used in the Certified Practising Accountants survey in Australia in 1996 (cited by Lowry & Yap, 1997) where an accepted definition of

management accounting practitioner was “where the participant is involved in an internal financial management”.

1.2 Background

The survey of Hawkes et al. (2003) was conducted over a number of New Zealand companies and Academic providers regarding their perception of the desired techniques, skills and characteristics required of management Accountants. The same skill set and characteristics set of Hawkes et al. (2003) were used in this survey. Those sets are listed here:

Skills

1. Thinking
2. Problem solving
3. Listening
4. Quantitative
5. Micro-computer
6. Writing
7. Reading
8. Social
9. Speaking
10. Management
11. Marketing

Characteristics

1. Common Sense

2. Motivation
3. Professional Attitude
4. Intellectual Property
5. Confidence
6. Pleasant personality
7. Assertiveness
8. Ethical awareness
9. Leadership
10. Professional appearance

These skills were used to analyse survey results from the employment website seek.co.nz (hereafter Seek) to map the skills and characteristics profiled in current management accounting advertisements over a period of four weeks during September / October 2006.

1.3 Method applied

An initial search over the Seek website for ‘Any Location’, ‘any area’ and keyword, ‘Accountants’ with a sub classification of ‘Management’, resulted in 593 matches. This selection was further refined to 124 jobs using the advanced search and looking for key words of Management and Account* using any extension of the word Account. An anomaly was noted in that the auto results listed under related job title – management accountant 127 matches. Given that many of the 124 jobs selected were not titled ‘Management accountant’, and that all jobs with the title ‘Management accountant’ would have been selected and any job referring to management and account* in the text,

that matches in excess of 127 should have resulted. Time constraints did not allow for a full rework of the sample survey data, at this time.

These 124 jobs were reviewed and mapped to the criteria listed above, including location, position level if indicated, and salary offered if indicated. This resulted in 84 useable jobs that were not duplicates of positions already reviewed or exclusions for example tax manager. Due to the specific wording of the skills and characteristics used in the Hawkes, et al. (2003) survey for example reading, thinking, listening and social; which are not socially acceptable wording to be used in job advertisements, a further survey's skills and characteristics of more generic and acceptable terminology was included. Siegal and Sorenson's (1999) results (cited by Hassall et al.) are:

Skills

1. Communication (oral written and presentation) skills
2. Analytical Skills
3. Solid understanding of Accounting
4. Understanding of how a business functions

Characteristics

1. Ability to work on a team

1.4 Geographic influence / Australian dominance

The strong result of 69 job adverts for Australia out of the 84 job sample is indicative of the greater size of the economic and manufacturing sector in Australia compared to New Zealand. The UK result of 7 out of the 84 is insignificant as overseas positions being

advertised on this New Zealand based website – Seek.co.nz are less common than those for the Pacifica region, the primary target audience of this website. The job title of Management Accountant was most consistently (proportionate to the number of advertisements) used in Job advertisements for positions in the UK. This perhaps is because of the value placed in the UK of the qualification of CIMA for management accountants

Further attributes of the survey data of country and Fulltime or part time jobs mapped produced the results in figure 1 and figure 2. The outcome from this indicates that the sample is predominately Australian and covers mostly full time positions.

Figure 1 – Country of advertised vacancy

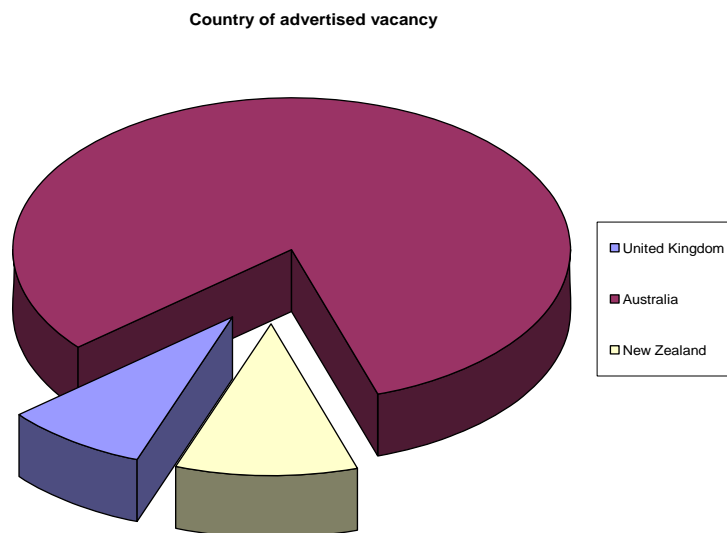
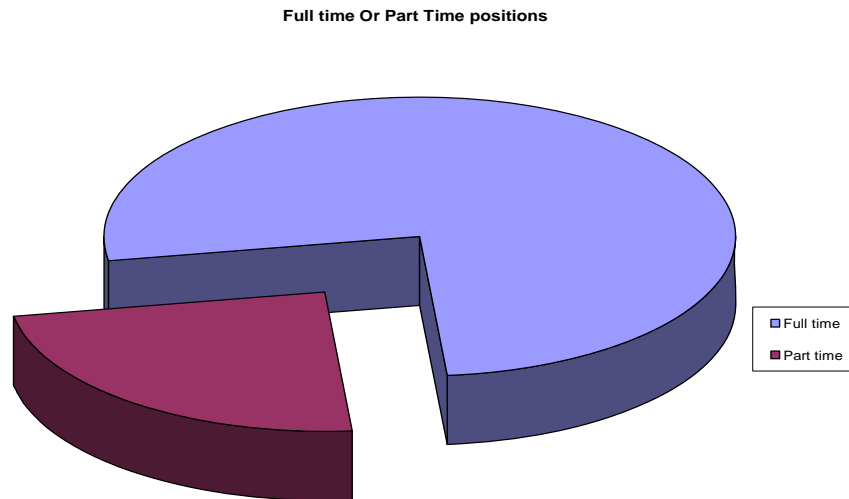


Figure 2 – Fulltime or part time positions



2 Results

The Skill results in figure 3 have been stacked to represent the total make up of the generic classifications, mapping any specific mention of the Hawkes et al. (2003) criteria first and only if this failed to find any appropriate matches; then match any of the generic terms was sought. That is if either writing or speaking was mentioned then communication was not assigned a value as well, and only if communication was mentioned was it assigned a value in the absence of writing or speaking.

The results indicated that communication skills scored the highest with 53 only 1 ahead of the 52 scored for technical skills. Both Communication on its own merit and a 'Solid Understanding of accounting' being from the generic classification scored the highest unique values with a value of 33 over the 84 job advertisements used. A number of skill results scored Zero, these were thinking, reading, and marketing.

Of the Characteristics mapped in figure 4, leadership was the highest score with a value of 20 assigned. Some of the low scores for professional appearance, assertiveness, pleasant personality and professional attitude could have been grouped up with the more commonly accepted practise of using generic terms of Leadership and phrases like “ the person who rolls up their sleeves and gets on with it” mapped under leadership in this survey. The zero scores for intellectual capacity and common sense could be attributed to what is deemed socially acceptable wording used in advertising. While they are important characteristics, evidence of them may be being confirmed in behavioural based interview questions, rather than specifically profiled as a requirement.

Figure 3: Skill survey results from www.Seek.co.nz

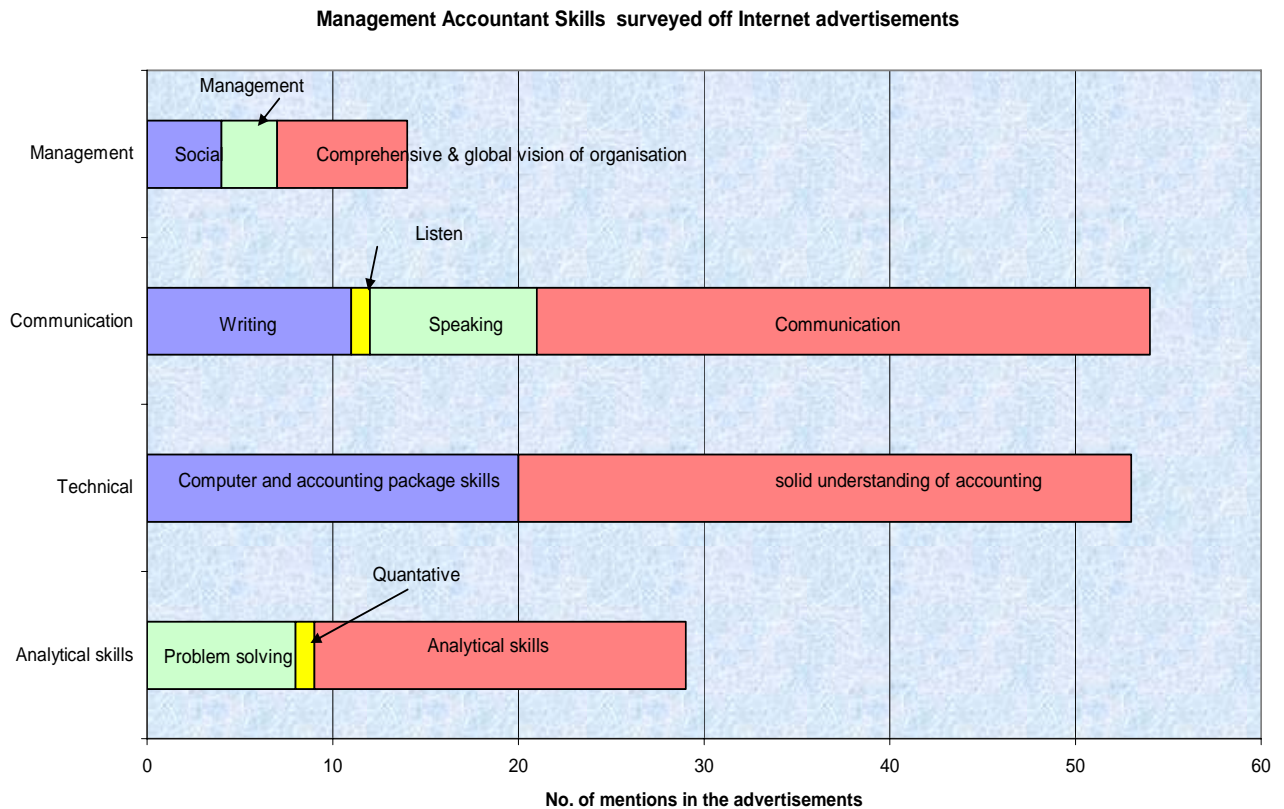
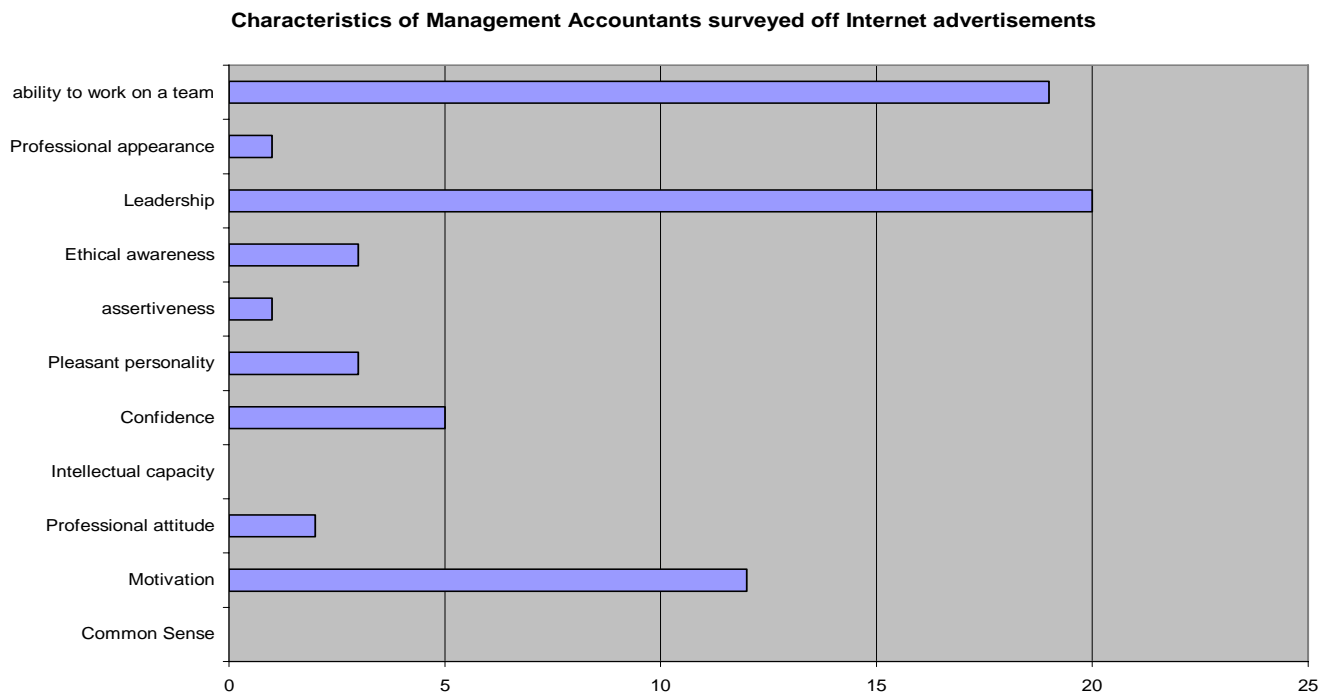


Figure 4: Characteristics survey results from www.Seek.co.nz



3 Discussion

A survey undertaken using the specific wording combination of Management and Accountant, could be inherently distorted in the New Zealand environment. Without the formal recognition of the management accountant role in New Zealand, the only accounting qualification having any status is Chartered Accountant (CA), that many roles in New Zealand which encompass the responsibilities of the Management Accountant are not advertised using the key words Management, and therefore would not have come up under this survey technique. This is supported by the feedback received in the Russell et al. (1999) article, when Management accountants were asked ‘which term they used to describe their work’ and the results had “39% using Finance; 33% using accounting and 28% using a different term”. Management accountant as a term did not even get listed as

one of the different terms. However given the survey covered New Zealand, Australia, and those employers advertising on Seek from the UK, the relevance of the branding in Australia would add weight to the results found.

The applications used by management accountants in manufacturing companies are just as appropriate in service orientated companies, which are suspected of having a higher density distribution in New Zealand than Australia. The distribution of the advertisements mainly within Australia is supported by the relationship of manufacturing sales comparing New Zealand \$58.1 Billion (New Zealand Statistics 2000) and Australian manufacturing sales \$251.8 Billion (Australian Statistics 2000).

The creation of value mentioned earlier is critical for all these companies, and hopefully the recognition given to the management accounting function by inclusion in the CA qualification of New Zealand of Advanced Management Accounting as a compulsory undergraduate requirement, will start to address the apparent lack of Management accounting attributes in New Zealand financial job advertising. There is also a recommendation from the Management accounting academia to look at establishing a Pacifica region Management accountant network Rouse (2006), which will help raise the profile of the skills and characteristics of this role.

3.1 Communication

The overall highest score for Communication is consistent with other surveys mentioned above which covered key desired skills. In all of them communication scored near the top

of desired skills. Hawkes et al. (citing Swanson,1999; & Maskall & Baggley, 2000) introduced the term 'Business partner ' for the function of management accountants, in respect of a shift from "a calculation based to a more interpretative approach". This interpretive approach requires highly skilled listening, oral, written and presentation skills to be applied and as demonstrated from the survey these are the skills employers are valuing in candidates. Communication, as cited by Kennedy and Sorenson (2006), is also the backbone of successful team work, the second highest characteristics mapped from this survey.

Communication as a skill was mentioned in the advertisements often as 'interpersonal Skills' or a 'Communicator across all levels of the organisation', these imply highly sophisticated communication skills of appreciating and understanding the needs of your audience by an accountant who traditionally had a training that is traditionally technically numerically based. Listening skills and questioning skills are 'soft skills' that are labour intensive to teach and often undervalued. Without the right attitude by the individual, the experience of the author as a manager of management accountants for a number of years; has been that some communication skills are not a learned behaviour unless there is a fundamental value or attitude existing in the person already. It is encouraging to see that academics and NZICA value the importance instilling in students; the importance of communication skills and group work as outlined in the recent forum article (Rouse, 2006), via case studies, business simulations and group work activities.

3.2 Leadership

Leadership was profiled in the advertisements as often being the person with the get on and do it attitude, or the taking on of an advice role that requires taking the first step and challenging the current thinking. This was often balanced by the solid understanding of accounting and the business implying that this leadership would be in context of the professional capacity. A number of occasions the advertisements did refer to staff mentor and leadership of often small dedicated teams, but staff management as leadership was an exception.

Leadership was often linked with communication critical skills as being ‘Providing advice and support to management on all financial, operational, and administrative matters ‘as being across the whole organization and at all levels. Leadership is linked to a number of the key characteristics profiled by Hawkes et al. (2003) as being important, these being motivation, common sense, professional attitude and intellectual capacity alongside the skill of problem solving and listening. Without these skills and characteristics leadership is difficult to demonstrate effectively.

The creation of value in a business advisory role, one of the key elements of being a management accountant, requires an individual to be proactive and objective about the business, project or client. Being self motivated and conducting oneself in a professional manner with all members of staff right across an organisation, provides a management accountant with a wealth of information, from which recommendations can be made. Sitting in an office being reactive, is not a leadership attribute and the survey clearly

demonstrated that leadership qualities were highly desirable in order to successfully fulfill the roles advertised.

4 Conclusion

The skills and characteristics profiled in the survey have always been part of the management accountants' role. What has changed over the years has been the focus of the role away from the given technical expectation to now one of being a business advisor, who is working in a constantly changing user specific environment. The number of customers that a management accountant may be dealing with are many and throughout the organisation, requiring a depth and appreciation of the differing skills to be applied by the management accountant in each different circumstance.

Communication and Leadership demonstrating a proactive attitude have come out as the most highly desirable skills with these results being similar to other conducted surveys. Hawkes et al. (2003) and Russell et al. (1999). Without good communication skills the Management accountant will not be able to understand their customer, present their findings in a user friendly manner to their audience, or to profile an important concept to be considered bordering on the selling of a concept thought. Communication is about building trust and relationships internally and externally, so that management accountants can access and gain transparency around critical information required for their role as business advisors.

This survey sought to confirm that employers, and therefore practitioners particularly in the internet web based advertising environment, are advertising for the skills and characteristics that they have provided in feedback to academic surveys. The survey in this paper confirmed the practitioners actions in situations vacant advertising are congruent with their requirements profiled as essential skills in potential employees, today's students.

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