



The challenge of language in Accounting

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What is Accounting?

- ▶ Accounting can be described as the organisation of financial information to facilitate investment and business decision making
- ▶ The key word is organisation – this involved the collection and processing of financial information following the requirements of the Accounting standards
- ▶ The output is a number – however the input requires the application of accounting standards which have the force of law

The effect of the Accounting standards

- ▶ Accounting standards are essentially the set of rules designed to produce consistent decision making and therefore comparable financial information
- ▶ Their application requires understanding the client's accounting issue and then reading and applying applicable rules to a calculation
- ▶ The number produced is dependant upon understanding the language in the standard

Professional challenge

- ▶ Accounting is a profession and so like all professions it has specialised professional terminology
- ▶ If you cannot understand the terminology you cannot understand or apply the standard – making you not much use in the accounting arena

The IIBIT student

- ▶ At Adelaide 100% of our students are overseas students from India, Pakistan, China, Japan, Mongolia, etc
- ▶ They all have 3 things in common:
 - ▶ English is not their first language
 - ▶ They have left family and support structures to come to Australia
 - ▶ They study complex subjects in a language other than their native language

Self reflection time

- ▶ I ask myself, could I go to China and study Financial Accounting presented in Mandarin?
- ▶ I doubt it
- ▶ The only things I would recognise in the presentation would be the numbers and only if they were not the Chinese characters
- ▶ I suspect my study strategy would be to focus on the numbers and look for the words I am able to recognise

Financial Accounting from the IIBIT student perspective

- ▶ I suggest the IIBIT student has a reasonable grasp of common English – obviously
- ▶ However, I suggest in the Accounting subjects they are overwhelmed by the technical professional language and so concentrate on the numbers and hope to find a word they recognise
- ▶ Their study strategy is, I believe, to memorise calculations and conceptual answers and to look for key words in the questions

The outcome of this strategy

- ▶ As they do not have a conceptual understanding due to the language barrier they rely on the questions having high similarity to the tutorial questions and reproducing memorised answers triggered by key words in the question.
- ▶ And so you get a perfect reproduction of the tutorial answer which does not in anyway answer the question.

Numbers time

- ▶ Can you do this calculation?
- ▶ $100\,000 + (220\,000 \times 3.6299) + (120 \times 0.8548)$?
- ▶ You can do it on your phone you don't need a fancy financial calculator
- ▶ If you can do this calculation you can do the most advanced maths in the course

Language time

- ▶ Can you do this calculation?
- ▶ There is an upfront payment of \$100 000 and payments of \$25000 at the end of the next four years with an implicit interest rate of 4%. Within the annual payments is a \$30 000 amount charged by the lessor as part of the service agreement for the machinery which has an effective life of 8 years. The lessee commits to a guaranteed residual value of \$500 000 when it is returned to the lessor. The lessor and lessee believe the machine's use means the lessor will be able to sell it for \$380 000 at the end of the lease terms – meaning at the commencement of the lease the lessee believes it will be required to make a payment of \$120 000 at the end of the lease term in respect of the residual value guarantee – this payment will therefore be part of the lease payments. The fair value at the start of the lease is \$ 1325 978

Observation

- ▶ The numbers in financial accounting are easy
- ▶ The language is hard
- ▶ It is the language which is the barrier to overseas students performing as well as they could in the accounting subjects
- ▶ The teaching and assessment approaches need to acknowledge this restraint and evolve to address the issue

Continued observations

- ▶ Unfortunately the critical aspect of language is the very first concept in basic accounting
- ▶ The basis of accounting is the movement in 5 basic accounts, Assets, Liabilities, Owners Equity, Revenue and Expenses
- ▶ The first task is to classify the accounts involved – this is dependant upon the definition of these accounts which is obviously a language based exercise

Continued observations

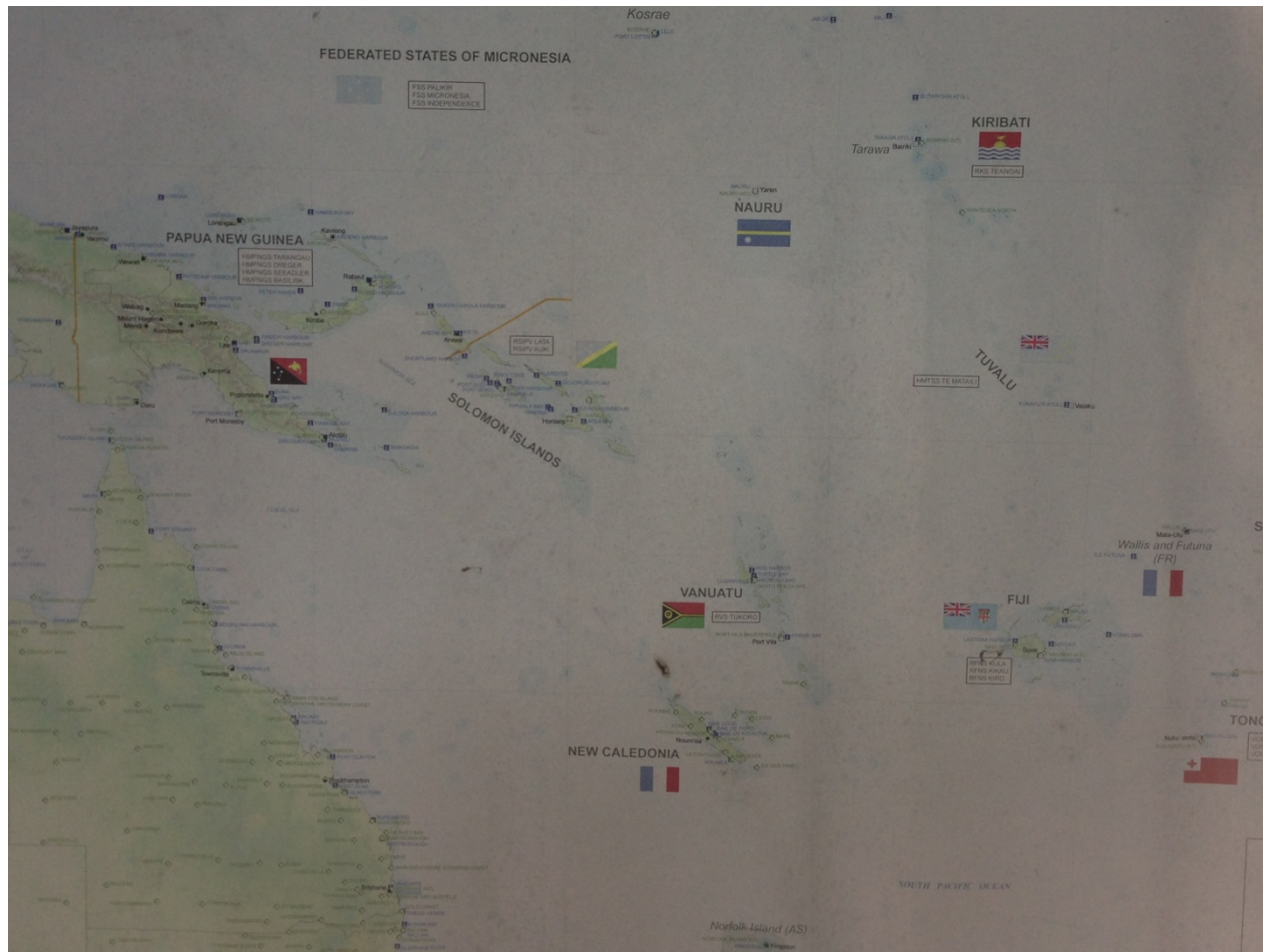
- ▶ In the most recent Masters Financial accounting exam there was a question exploring the difference between a defined contribution and a defined benefit superannuation scheme
- ▶ I marked answers giving me a comprehensive run down of annual and long service leave, rights to holidays, carers leave - why?
- ▶ I believe the student scanned the question and saw the word benefit and reproduced the answer to a tutorial question focussed on employee benefits. The strategy failed.

When did I first start to notice the limiting factor of language?

- ▶ I was involved in a TAFESA project delivering the Certificate III and IV in Financial Service in Kiribati – a small coral atoll literally on the equator in the Pacific Ocean
- ▶ There is a local story about an early missionary taking a native on their boat. The native went to look out the window and cracked their head on the glass. The native was shocked and asked for an explanation. The missionary said in the local language, “You hit your head on the” there was no local word for glass

The Kiribati experience

- ▶ So there I am in the middle of the Pacific watching local instructors try to deliver training about GST and loan amortisation schedules when the instructors do not understand the concept and there is no local equivalent to use as a reference
- ▶ Every one of the students could enter the relevant numbers into the computer, however they were unable to explain what they were doing
- ▶ They could pass the required assessments, however will they be employed, even if the qualification is recognised and endorsed by TAFESA?







The outcome of the strategy for the IIBIT student

- ▶ Given the language barrier, my observations lead me to conclude the IIBIT student's strategy is based around memorisation triggered by key words
- ▶ If the question deviates from the wording used in the tutorial questions they will either not answer the question or scan the question for a word they recognise and reproduce a completely correct yet inappropriate answer
- ▶ Given the Masters Financial Accounting exam is based on language rich MCQs and short answer theory questions and calculation questions rich in complex technical language, this approach must limit their success

What would we like

- ▶ We would like students with deep conceptual understanding able to identify the underlying concept and have the ability to apply the concepts in a variety of scenarios
- ▶ This is only possible if they understand the technical language and connect the concept to the language
- ▶ Obviously, because it is accounting they need to be able to do calculations and associated journal entries –if their strategy is compromised they will underperform even though they have no difficulty with the actual calculation

The nature of Accounting

- ▶ I would like to suggest Accounting should be considered a language rich subject, as should tax law. In both subjects the final calculation is dependant upon understanding the technical language
- ▶ I think we need to reconsider the nature of the assessment

Assessment suggestions

- ▶ I think there should be a precursor English subject those students looking to study accounting – English for Business or similar in which the focus is on the words and connecting to concepts
- ▶ If the focus in the exam is on MCQs then there needs to be practice with MCQs – other institutions utilise an app such as Socrative to provide weekly assessments done on the mobile phone. This will also act as an incentive for students to attend each week
- ▶ Students prepare 3 double sided pages in their own handwriting and in English to bring into the exam. Students will need to process the concepts in both their languages to develop concise notes. This will develop conceptual understanding and shift away from memorisation

Assessment changes

- ▶ These approaches will shift the student strategy away from memorisation and towards enhanced attendance and conceptual development
- ▶ Hopefully this will be reflected in a better performance and a decrease in inappropriate answers triggered by misinterpreted key words. This is a de facto measure of the effectiveness of the approach

The broader picture

- ▶ The language in the professions in implicit elitism.
- ▶ The professions separate themselves from the general population through the technical language – this is to be expected of course. Complex issues need complex language
- ▶ However the outcome is restricted entry into the professions. Is it possible the IIBIT Masters graduate finds themselves not considered by the big four as the grades are not HDs, yet not demanded by mid tier as they are considered over qualified?
- ▶ A increase in highly qualified non accountants? Value for money?

The broader picture contd

- ▶ The elitism effect of language is not restricted to the overseas student
- ▶ I would suggest the local indigenous population and lower socio-economic high school graduates would be marginalised by the language in the professions.
- ▶ I did some very basic research and found 1 in 20 indigenous high school students proceed to under graduate courses compared to 1 in 5 non indigenous students



And so...

- ▶ Maybe we need to rethink the delivery of Accounting subjects

Finally

- ▶ Thank you for your attention

- ▶ Any questions?

