

## **Accounting Education and Training in Asean: The Western Influence and The Experience of Singapore, Malaysia, Indonesia and Brunei Darussalam**

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### *Abstract*

This paper provides an analysis of the nature of accounting education and training in four ASEAN countries- Singapore, Malaysia, Indonesia, and Brunei Darussalam. All these countries were under colonial rule for centuries. Therefore, it provides a review of influence by their colonial powers in accounting education and training and gain insight into why some countries are still following the colonial system while others have shifted away. As evidenced however, while Singapore has shown signs of moving away from colonial system, Malaysia seems to be in the process of such a move. Apparently, Indonesia has moved from the Dutch to the US system in its accounting education and training. Brunei Darussalam is still in rudimentary stage of its accounting development and following the British system of accounting education to produce accountants. This paper indicates that if a developing country continues to depend heavily on colonial system of accounting education without considering the local environment, institutions and the local needs, the consequences can be less than desirable.

**Keywords:** Accounting education and practice, Professional accounting bodies, Colonial influence, Association of South East Asian Nations (ASEAN), Accounting in developing countries.

### **Introduction**

During the past two decades, many developing countries including the Association of South East Asian Nations (ASEAN) have shown signs of erosion from colonial influences. In the early years of colonial period, trade and investment in these countries were set up by British, Dutch and US investors. Therefore, the law enforcement, government administration as well as the education and training in ASEAN were developed under the direct control of such colonial powers. In recent years, however, there has been tremendous interest in improving the accounting profession in ASEAN mainly due to its impact on economic development (Briston, 1990; Cruz, 1993; World Bank, 1993). Although a growing body of literature has examined various aspects of the accounting systems and their implications for ASEAN, one aspect that has not received adequate attention is the continuing

colonial influence on accounting education. In ASEAN, accounting was introduced not because it was needed for development, but because it was needed to facilitate the accounting and reporting requirements of Western corporations operating in those countries. An examination of accounting systems of a number of ASEAN countries reveals that colonial influence is very long standing even after several decades of their independence. Apparently, they still follow the same inappropriate systems on their accounting practice and education (Briston, 1978; Hove, 1987; Yapa & Wijewardena, 1996). However, some of the countries, particularly Newly Industrialised Countries (NIC's) have successfully adopted accounting systems to suit their local needs and to suit international standards (Tang & Tse, 1986; Tipgos, 1987; World Bank, 1993).

The purpose of this paper is to contribute this debate by presenting available evidence from an analysis of the existing system of accounting education and training initiatives in four ASEAN countries - Singapore, Malaysia, Brunei Darussalam and Indonesia - and gain insights into why some countries are still following the colonial system while others have gradually shifted away. The choice of Singapore, Malaysia, Brunei, and Indonesia was made because they were countries under two different colonial masters i.e. British and Dutch for centuries. Eventually, Malaysia, Brunei and Singapore followed the British approach in accounting education and practice while Indonesia, until recent past, followed the Dutch system. Where relevant, the experience of these countries will be compared and contrasted in order to identify key inferences in a wider perspective. The paper is not intended to be a comprehensive study of the subject, its scope and depth being constrained by limited available evidence. Its modest objective is to lay the groundwork for the conceptualisation of further studies and identify direction for future research.

### **Colonial Influence on Corporate Legal Environment**

As a regional grouping ASEAN has attracted much interest because of their remarkable economic growth. The ASEAN was formed on August 8, 1967, as a regional political and economic grouping consisting Indonesia, Malaysia, the Philippines, Singapore and Thailand. Brunei Darussalam became the sixth member of ASEAN in 1984 and Vietnam joined in 1995 and promises to be an example of rapid economic and social change in the near future. Similarly Myanmar and Laos joined ASEAN in 1997. Economic ties between ASEAN countries seem destined to become stronger with ASEAN's commitment to create an ASEAN Free Trade Area (AFTA) by 2003. AFTA's aim is to create minimum barriers to trade and investment among ASEAN member countries. This will be accomplished by reducing tariff on wide range of products and by harmonizing regulations relating to trade and investment (Craig & Diga, 1996). In order to ensure a sustainable development of trade and investment, a pronounced legal system is essential. The way in which national legal practices developed in these countries is open to conjecture with a number of factors operating in conjunction. Accordingly, ASEAN countries have

adopted a legal and microeconomics approach with regard to financial reporting practices and regulations mainly due to their colonial links. However, the argument is that most developing countries including ASEAN have adopted legislation of the colonial powers without due regard to their local conditions even after their independence. As mentioned by Briston:

In a number of countries, of course the British influence is very long standing, and almost all of the colonial territories in which any substantial degree of industrial development took place under British rule will have had imposed upon them a British Companies Act with the usual reporting and auditing requirement (Briston, 1978, p.108).

In this context, the comparative analysis of national corporate and companies laws within ASEAN suggests 4 patterns of development: (1) A British approach (adopted by Brunei, Malaysia and Singapore); (2) A Dutch approach (adopted by Indonesia); (3) US. approach (adopted by the Philippines); (4) mixed -country approach (adopted by Thailand) (Craig & Diga, 1996). Accordingly, Brunei, Malaysia, Singapore all former British colonies, have each adopted a companies Act modeled on the UK Companies Act 1948 and the Australian Uniform Companies Act 1961 (Pillai, 1984; Price Waterhouse, 1991, 1992a, 1992b). However, the Companies Act of Singapore has undergone considerable changes since first enacted in 1967 (CCH, 1990). Indonesian Commercial Code 1848, patterned on the early Dutch Commercial Code with some minor amendments. Under this system, law is codified, and company legislation prescribes rules in detail for accounting and financial reporting. Unfortunately, many of the amendments that have been made in Netherlands since 1848 were not incorporated in the Commercial Code in Indonesia. As a result, Indonesia is operating an out of date commercial code adopted in the nineteenth century that is incompatible with today's commercial environment. However, a new companies law was introduced in 1995 and it is scheduled to take effect in 1996 (Samidjo, 1985; Briston, 1990; Diga & Yunus, 1997). It is, therefore, obvious that company laws in ASEAN have been affected strongly by each country's former colonial links despite the appropriateness of such legislation to its environment. British group (Brunei, Malaysia, Singapore) was mainly influenced by Britain and non-British group (mainly the Philippines, Thailand and Indonesia) was influenced by US, Japan, the Netherlands and Germany reflecting its important trading links with these major economic powers during the late 1800s and early 1900s (Maolanond & Yasuda, 1985; Yasuda, 1993). With this backdrop, it is obvious that accounting practice which is a product of accounting education and training in ASEAN have been structured based on the corporate legal environment created by the colonial powers during their administration without due regard to local needs and conditions.

## Political, Historical and Economic Background

Among the ASEAN countries, Singapore, Malaysia, Brunei and Indonesia are strongly influenced by their previous colonial linkages. Consequently, their historical, political, and economic backgrounds were gradually modeled on the basis of colonial system, but their individual experiences were quite different. In the case of Singapore, British influence has caused an enormous impact on its political and economic outlook. Other than the brief Japanese occupation in the 1940s, Singapore was colonised by the British until 1959. However, after self- government was attained in 1959, a massive industrialisation programme began, and by the 1980' the manufacturing sector had become the mainstay of the economy. More than 78 per cent of the population were engaged in commerce and industry. An educated and well trained work force and a free enterprise economy which imposes no restrictions on ownership, expatriate employment, or the repatriation of investment capital and profits gave Singapore a competitive edge over many neighboring countries as a location for investment. Therefore, much of the economic growth was generated through foreign investment attracted by policies of providing good infrastructure, attractive fiscal incentives, and a stable political climate (Foo, 1988).

The modern history of Malaysia began with the establishment of a Muslim sultanate in Malacca in the early 15th Century which formed the basis of modern Malay institutions and customs. British influence was founded by the acquisition of the island of Penang and then Malacca in the late 1800, shortly before a British trading colony was established in Singapore. On the basis of these linkages the British economic and political colonial rule was apparently formed in Malaysia. Subsequently, the federated Malay States were developed under the British colonial rule as the source of rubber and tin for the western world until its independence in 1958. Based on the natural resources of the country, these two industries were the major focus of economic activity and foreign exchange earning for many years. The successful diversification strategy, foreign direct investments and increased government information requirements have led to dramatic increase in the demand for various services including accounting from government, public practice, and private industry.

Indonesia was a Protestant Dutch colony for almost three centuries prior to receiving independence in 1945. Beside the Dutch, Indonesia was also colonised by the Portuguese, French, and British due to its attraction on spice trade. However, the Dutch stayed the longest for nearly 350 years. Therefore, the political, economic and social infrastructure of Indonesia has been influenced mainly by Dutch administration. Indonesia has vast mineral resource and oil. However, the changing structure of the Indonesian economy is reflected in the fact that manufacturing become the largest sector in terms of GDP, which was ahead of agriculture for the first time in 1991. However, present average per capita GDP is about US \$ 1000. It

is the fourth most populous country in the world with a population of approximately 195 million of which 90 percent are Muslims.

Brunei Darussalam is situated on the northwest coast of the Island of Borneo. The population is about one-quarter of a million, with the Malay race being the majority, followed by the Chinese and indigenous races such as Ibans, Dosun and other tribal groups. The labour force is about 125,000 including expatriates. The GDP of Brunei was almost US \$4 billion per annum in 1992, giving an average per capita GDP of in excess of US \$ 15,000. Brunei's economy is heavily dependent on crude oil, petroleum products and Liquefied Natural Gas (LNG), which directly accounts for approximately 40 per cent of GDP. The main problems facing the economy are its dependence on imports and a shortage of skill labor. Historically, Brunei had been a protectorate of Great Britain. Even after the full sovereignty in 1984, the British influence on administration, education in Brunei is still reflected through the involvement of British experts in organising and directing the business, teaching and assistance in the development of academic institutions and general administrative environments.

### **Accounting Education and Training at Tertiary and Professional Level**

In most developing countries, accounting practice tend to replicate those of the industrially advanced countries. The apparent reason for such a tendency is their former colonial links. Accordingly, the British and Dutch were imposing their accounting practices in Brunei, Indonesia, Malaysia and Singapore mainly due to their direct trade, investment and administrative linkages. Obviously, the colonial accounting practice in these countries is largely a product of the education and training given to accountants who were employed in different sectors.

### **Singapore**

Historically, except for the brief Japanese occupation in the 1940s, Singapore was a British colony for nearly one and a half centuries until its independence in 1959. Consequently, its general education from primary to university level was inherited from the British education system, and accounting education was no exception. The British system of accounting education was imposed on Singapore during the colonial period in a number of ways: (1) the export of British accounting personnel to Singapore; (2) the export of British accounting qualifications; (3) the establishment of British professional accounting bodies' examination centers; (4) the involvement of British experts in the planning, directing, organising, teaching and providing assistance in one form or another in the development of academic institutions in Singapore; and, (5) the general British influence upon the business, education and administrative environments in the early days of Singapore (Foo, 1988).

Prior to 1956, Singapore did not have any programme of studies leading to a local qualification in accounting. The only accounting education available was through the examinations conducted by professional accounting bodies in the UK and Australia. As such, a foreign professional accounting qualification was the only avenue through which a person could expect an accounting job, particularly a job in the public sector. The first local accounting programme leading to a Bachelor of Commerce with specialisation in accounting was launched by the Nanyang University in 1956. In the following year, the Department of Commerce at the Singapore Polytechnic was established to offer, among other courses, a full-time course leading to the College Diploma in accounting (Fong & Foo, 1992). In 1958, the Department of Commerce at the Singapore Polytechnic was replaced by the Department of Accountancy with the objective of offering both full-time and part-time courses leading to a Professional Diploma in Accounting (Tan et al. 1994). Soon after gaining political independence, the authorities in Singapore realised the importance of producing accountants through their own higher educational institutions without depending on foreign accounting bodies and what was perceived to be out-dated education systems. Consequently, the professional accounting diploma awarded by the Singapore Polytechnic was recognised in 1963 as an adequate qualification for admission to provisional membership of the Singapore Society of Accountants (SSA). The SSA was the local professional accounting body established by the government for the purposes of registering professional accountants and regulating the practice of the profession of accountancy in Singapore. During the 1965-66 academic year, the Department of Accountancy at the Singapore Polytechnic was renamed the School of Accountancy and the accountancy programme was upgraded from a diploma to a university degree to signifying the transformation of the polytechnic to a university college. As a result of negotiations between the college and the University of Singapore, the latter agreed to award its accounting degree to students of the Singapore Polytechnic. In 1969, the amalgamation of the School of Accountancy with the Department of Business Administration of the University of Singapore represented another milestone in the historical development of an independent accounting education system in Singapore (Sunday Times, 1968). At the time of the merger, the School of Accountancy was relocated to the University of Singapore campus. As a further development in 1971, the Bachelor of Commerce (Accountancy) programme offered by Nanyang University since 1956 also received its professional recognition, subject to practical training, from the SSA. In 1978, joint courses in accounting were introduced by the Nanyang University and the University of Singapore. The two schools of accountancy merged in 1980 to form the School of Accountancy at the National University of Singapore.

After the recognition of the Singaporean university system through the formation of the National University of Singapore and the Nanyang Technological Institute, the country's accounting education system achieved its highest growth rate. The School of Accountancy of the National University of Singapore was physically

relocated at the Nanyang Technological Institute in 1987 and the School of Accountancy was renamed the School of Accountancy and Business in 1990. In 1991, the Nanyang Technological Institute became a full-fledged university and is now named the Nanyang Technological University (NTU). The School of Accountancy and Business of this university has gained a reputation today as the leading centre for undergraduate and post graduate accounting education in Southeast Asia. The bachelor of accounting degree awarded by the Nanyang Technological University is based on a 3-year full-time programme of study. In addition to its Bachelor of Accountancy degree programme, it also offers a professional postgraduate programmes in Accounting. These accounting degrees are recognised by the Institute of Certified Public Accountants of Singapore (ICPAS) for admission to its membership, subject to approved practical experience. The Bachelor of Accountancy programme of NTU, at its various stages of development, has produced nearly 10,000 accounting graduates. By the end of 1992, 7442 of these graduates had become professional accountants by obtaining the ICPAS membership.

Since its inception, the Singapore professional accounting body, (initially as the Singapore Society of Accountants (SSA) in 1963 and later as the Institute of Certified Public Accountants of Singapore (ICPAS) in 1987), has maintained a close relationship with the university's School of Accountancy. This liaison is evidenced by the fact that the Institute was consulted at each stage of the transition of the School from the Singapore Polytechnic to the present Nanyang Technological University. A representative of the School of Accountancy and Business is appointed by the Minister of Finance as a statutory member of the Council of the ICPAS. Through various committees, the School of Accountancy and Business also maintains close rapport with the professional accounting body, business community and other professional organisations to ensure the continuing relevance of its degree programmes (Tan, et al, 1994). It appears that during the post-independence period as a booming economy, Singapore has been able to consider her national goals, political climate, economic environments and efficiency in utilising educational resources including universities and technical colleges in order to develop a system of accounting education and training more suitable to their local conditions.

## **Indonesia**

Accountancy development in Indonesia can be traced back to 1642, the year which the Dutch Governor General of the Netherlands East Indies issued regulations concerning the administration of accounting for garrisons. Historically, the Dutch system of accounting education was imposed on Indonesia during the colonial period in a number of ways. (1) the involvement of Dutch experts in planning, directing, organising teaching and providing assistance in the development of academic institutions in Indonesia; (2) the export of Dutch accounting qualifications; and (3) compulsory membership of the Netherlands Institute of Accountants (Foo, 1988; Briston et al, 1990; Abdoelkadir & Yunus, 1994).

In 1907 the first government accountant was sent to Indonesia from the Netherlands to open the State Audit Agency. Based on the growing needs in the country, Dutch administration realised that the number of bookkeepers produced by the schools was inadequate. The main reason for such a shortage was that bookkeeping was first taught at high schools and special schools such as the *Handelschool* or the *Middelbare Handelschool* (schools specialising in trade). Enrolment in these schools was usually limited to Indonesians with special status, such as the children of the head of a district or the children of a wealthy businessman (Abdoelkadir & Yunus, 1994). Therefore, in 1925, the Trade Teachers Association or Union of Trade/Commerce Education (*Bond Van Vereniging Voor Handle Onderwijs*) which organised two courses on bookkeeping classified as Bond A and Bond B equivalent to basic and intermediate accounting courses, respectively to remedy the shortage of accounting personnel. Accordingly, holders of Bond A certificates were mostly employed by small trading companies while Bond B holders were employed by large companies (Sembiring, 1984). The Bond conducted a uniform examination and issued its own certificate. However, Japanese occupation in Indonesia from 1942 to 1945 created a large number of accounting positions which were held by Dutch in the Ministry of Finance and those positions had to be filled instantly. The Japanese eventually offered four different accounting courses to train Indonesians to take up these positions. With the surrender of Japanese in 1945, the Dutch returned to Indonesia and continued the education system in accounting as before with the Bond A and Bond B courses (Briston et al. 1990). In addition to Bond A and B, another *Moderne Bedrijft Administrative* (MBA) certificate was introduced by Dutch in 1948 and conducted by a private institution mainly for executive positions in Indonesia. These courses mainly combined the curricula of cost accounting and advanced accounting. Later the MBA courses were entitled as *Administrasi Perusahaan Modern* (AMP) and directed by the Ministry of Education (Enthoven, 1974; Hadibroto, 1984).

In 1952, the Economics Faculty of the University of Indonesia established an Accounting Department and it was the first institution in Indonesia to offer a formal accounting programme at the higher educational level. Eventually, in 1957 the first four Indonesian accountants were graduated. State universities outside Jakarta later offered accounting programmes. Moreover, a few private universities such as Universitas Parahiyangan in Bandung (1965), Universitas Trisakti (1969), Universitas Tarumanegara (1972) and Universitas Atmajaya (1973) in Jakarta also offered accounting programmes. Some accounting programmes in Indonesia are conducted within the Faculty of Economics, where specialisation in accountancy occurs after second or third year of a five year master's (*Sarjana*) programme which is obviously a typical Dutch approach in accounting education. Upon completion of *Sarjana* programme, graduate was awarded a 'doctorandus' degree. Others followed the 'guided study system' which was modeled after plan used in the US. According to this study system, a student could earn both baccalaureate and master's degree in



accounting in five years. This dualism in methods of accounting education persisted until recent past in Indonesia. (Briston et al. 1990; Abdoelkadir & Yunus, 1994).

A new law called 'The Accountancy Law No.34 of 1954' restricted the use of the designation 'Akuntan' (Accountant) to individuals holding a 'doctorandus' degree from a recognised tertiary academic institution. Before the enactment of the Accountancy Law, it was not possible for Indonesians to qualify as professional accountants unless they studied in the Netherlands and become members of the Netherlands Institute of Accountants (Foo, 1988; Diga & Yunus, 1997). This law enabled any Indonesian to become a registered accountant by obtaining a master's degree (Sarjana) in accounting either from a state university, from an accredited private university or from the State School of Government Accounting (STAN). The Ministry of Finance in Indonesia also provides accounting education to train accountants to serve the government. In 1957 it established the Sekolah Tinggi Ilmu Keuangan Negara (STIKN), which later became the Institut Ilmu Keuangan (IIK), and now is called Sekolah Tinggi Akuntansi Negara (STAN). The vast majority of registered accountants in Indonesia have qualified from the STAN and state universities with accredited accountancy programmes. Graduates from unaccredited institutions (mostly private institutions) must pass an examination organised by the 'Committee of Experts' appointed by the Ministry of Education and Culture. Surprisingly, only a few graduates passed the examinations and reached 'Sarjana' level set by the Committee of Experts. For example, out of 2,536 graduates at the bachelor level produced by private universities in 1978, only 12 of them have reached the 'Sarjana' level. Those who qualified through these processes are required to register with the Directorate of State Accountancy in the Ministry of Finance. However, before being allowed to establish a public accounting firm, a qualified person must have worked for the government for a period of at least three years. This was required by Act No. 8 of 1961 and the objective of which was to ensure that the government was able to meet some of its staffing needs in the field of accountancy (Briston et al. 1990).

The nationalization of Dutch owned companies in 1957 and the resultant departure of Dutch nationals created a vacuum of adequately qualified and experienced manpower to higher echelons of managerial, accounting and academic positions. This indicates that during the Dutch colonial days Indonesians had been less motivated for such training and experience and eventually only a few were trained after independence. The main impact on accounting education in Indonesia due to the departure of the Dutch was the gradual adoption of US accounting systems. With the assistance of Ford Foundation, the university of California (Berkeley, USA) provided teaching staff on a five-year contract to the university of Indonesia and at the same time provided opportunities for Indonesians to study in the US. The Ford Foundation also assisted Gadjah Mada University, which was affiliated with the University of Wisconsin. From that time, the American influence began to gain momentum in Indonesia, however, Dutch influence did not completely disappear.

This state of dualism has continued because graduates of both systems were in demand by the industry and commerce. Moreover, the accountants in senior positions in various organisations preferred to hire junior accountants with Dutch accounting backgrounds. Under the Dutch system of accounting training, the emphasis was more on general and business economics, often using out of date translated Dutch text books. The universities of Airlangga and Pajajaran followed the Dutch system until 1977 when the Consortium of Economics Science (CES) was formed and introduced a common educational system for all universities, based largely upon the American approach (Briston et al. 1990). As a result of these developments, problems of dualism emerged mainly due to poor coordination within the education and training system. In late 1984, to coordinate the accounting education system and to eliminate dualism, the World bank recommended that the Indonesian government establish a coordinating agency. In 1985, the Ministry of Finance and the Ministry of Education and Culture in a joint decree established the Coordinating Agency for Accounting Development (CAAD) with a full-time executive Secretary. The objectives of CAAD were to improve accounting standards and practices in the government and private sector, to organise the application of accounting standards and practices in stages and to develop uniform and unified accounting educational system (Abdelkadir & Yunus, 1994). Under these arrangements, extensive feasibility studies were conducted and a principal project was introduced, costing about a \$ 165 million covering a five year period. However, even in this project, there seems to be serious problems such as lack of professional and technical staff who are adequately trained in modern methods of accountancy, the deficiencies in government accounting, shortcomings of the government budget process, scarcity of competent government accountants and auditors, private sector shortage of accountants with upto date skills. To some extent this situation can be attributed to a general absence in Indonesian law of regulations relating to accounting. The Indonesian Companies' Act and the Commercial Code, as mentioned earlier, are anachronisms dating back to colonial times and are silent on accounting matters. Thus, there are no statutory reporting requirements and audit requirements except for listed companies. Secondly, Indonesian Accounting Institute (IAI) (Indonesian Accounting Institute or Ikatan Akuntan Indonesia (IAI) was founded in 1957 by the first batch of graduates of the University of Indonesia accounting course. Its objectives, inter alia, are to promote the status of the accounting profession, support the national development of Indonesia, and upgrade the skills and competence of the IAI's), which is the only recognised professional accountancy body, is relatively young and not developed well. Therefore, Indonesia has to go a long way to seek improvement to these problems (Abdelkadir & Yunus, 1994). There are currently over 85 universities, institutes and academies in Indonesia and they offer post-secondary accounting programmes. Despite these universities and institutions, Indonesia has not been able to produce adequately qualified accountants to meet the demand from commerce, industry and the government sectors. It appears that Indonesia suffers from an acute shortage of well qualified accountants during the post- independence period as a result of inconsistent and uncoordinated adoption of the Anglo-Saxon systems in its economy. It suggests that although, CAAD is working

towards a relevant and feasible solution in the long run, it apparently, requires the proper coordination with many sectors in the economy. Therefore, there seems to be serious doubts about such a coordination in accounting education and respond to changing circumstances by producing adequate numbers of locally qualified accountants.

## Malaysia

Accounting education and practice in Malaysia have been developed as a result of British influence. As Sheridan (1961) points out that throughout its history, company law in Malaysia has always been geared to its English counterpart even if the imitatory machinery has been somewhat slow in functioning. Malaysia's accounting education in its recognisable form exists only after independence in 1958. Prior to this Malaysians were sent to the UK for British professional accounting qualifications such as Chartered Accountancy (CA) and Association of Certified and Corporate Accountants (ACCA). However, after the independence, twenty local accountants incorporated the Malaysian Association of Certified Public Accountants (MACPA). In 1961 the council of the MACPA began setting local examinations and much of the training and education for these examinations were provided through in-house courses and articleship. Formal courses to assist students who were preparing for MACPA examinations were introduced in seventies. Presently, MACPA has designated some institutions to run accountancy courses on its behalf. They are: Tunku Abdul Rahman College and the Damansara Utama College which are running as private colleges in Malaysia. The government institution to conduct courses on behalf of MACPA is Institute Teknologi MARA (ITM). In 1967, mainly to regulate the accounting profession and accounting practice in Malaysia, the Accountants' Act 1967, which is administered by the Ministry of Finance, was passed by Parliament and eventually the Malaysian Institute of Accountants (MIA) was formed. Until about 1987 this body was rather inactive and its functions were mainly to register accountants who were aspiring to become practicing accountants as a licensing body. However, from 1990, MIA has initiated the setting of its own examinations. The MACPA is a self regulating professional body and most of the members of this body are holding the membership of MIA.

It was only in seventies the new development emerged in accounting education in Malaysia. The local universities and institutions of higher learning began to set up programmes offering courses leading to a degree or diploma in accountancy. Accounting programmes are currently offered by University of Malaya (UM), University Kebangsaan Malaysia (UKM), Universiti Utara Malaysia (UUM), Institut Teknologi MARA (ITM) and Universiti Pertanian Malaysia (UPM). In broad terms, there are no significant differences between the programmes at UKM, UUM, UPM and ITM which tend towards a structure emphasising on general education, followed by specialisation in accounting supported by a fair proportion of contextual (business and economics) and related disciplinary studies. In all degree programmes,

the duration of study is four years except for ITM which requires a total of five and one half years. UKM, UUM, and ITM require mandatory practical attachment as an integral part of their programmes. In addition to this, a student can qualify as an accountant by sitting and passing the examinations set by MACPA. As a result of these arrangements in professional accounting education, and with the increase in demand for accounting related services, more and more students enter into accounting discipline. At present there are several avenues for aspiring individuals to seek accounting education for purposes of certification to enter the profession in Malaysia. As mentioned above, four local institutions of higher learning provide accounting programmes leading to certification (subject to duration of approved practical training) accepted by the MIA. Apart from this, MIA also accepts qualified members of the local professional body and qualified members from overseas accounting bodies. Therefore, a substantial number of students are enrolled in British professional accounting bodies. Many of the candidates pursuing ACCA and Chartered Institute of Management Accountants in UK (CIMA) do it on part-time basis whilst continuing with their careers in Malaysia. It has been argued that the UK accounting is not obviously appropriate for developing nations as solutions to the problems faced by those countries (Wallace, 1990). Although British professional accounting centers were set up in Malaysia in 1935 and continued to conduct examinations purely on British model, more recently, however, partial adaptation of British professional accounting examinations into Malaysia through formal links has brought up a tremendous improvement in her national needs. For example, ACCA adapts local law and taxation suitable to Malaysian environment to reflect the local circumstances (Johnson & Caygill, 1971; Briston & Kedsle, 1997). As such, the number of qualified accountants needed to support the economic development of Malaysia has increased substantially.

Given the scenario above, it is obvious that much of the accounting education has been assumed by the universities or institutions of higher learning in coordination with the professional bodies in Malaysia. More and more universities are offering programmes leading to degrees in accounting and these programmes are apparently, recognised by the local professional body. It appears that during the post-independence period as an economy which is facing the challenges of the new millennium, Malaysia has been able to consider her national goals, economic environments and efficiency in utilising educational resources including universities and technical colleges in order to develop a system unique to her own needs and requirements by producing adequate numbers of locally qualified accountants. This has been achieved through the dynamism of the public and private sectors, working in tandem and in collaboration with an international network of institutions of higher learning.

## Brunei

In Brunei Darussalam, public accountants are called registered auditors. The Brunei Institute of Certified Public Accountants (BICPA) is the sole professional accounting body. All the companies are regulated by the Companies Act (Cap 39), which is based on the UK 1939 Companies Act. Therefore, the British has a dominant influence on Brunei due to its historical links. For example, the country's only university revised its undergraduate programme in business by introducing, *inter alia*, a major in accounting and finance in 1995, and established a link programme leading to an accounting degree with a major British university. As another recent development, Brunei Shell Petroleum which is the largest private sector employer with about three thousand employees, has organised for its employees, an in-house course leading to the professional qualification of the Association of Accounting Technicians-UK (AATUK). Brunei's only technical college produces diploma holders in business and finance. This diploma has the same features as the diploma in business and finance programmes offered in the UK. 'Big Six' firms are also operating in Brunei. In addition to them, another three (one local accounting firm, one Singapore and one Malaysian) accounting firms are also contributing to the accounting profession in Brunei Darussalam. Since, accounting in Brunei is in rudimentary stage most accountants who work in industry and commerce are expatriates, there seems to be an urgent need to increase the supply (training and education) of more accounting personnel.

## Comparison of Accounting Education in Singapore, Malaysia, Indonesia and Brunei

This study focuses the basic differences between the accounting education and training systems in Singapore, Malaysia and Brunei (British group) with Indonesia (Dutch and US - Non-British group). The analysis on the proceeding three sections reveals that, despite the similar colonial influence on the four countries, there exist a number of differences between the British-group and the non-British group in terms of their accounting education systems. The most remarkable difference is that while Singapore, within only four years after independence, has successfully moved away from the colonial system of producing accountants through her professional accounting bodies, Indonesia, even after 53 years of independence, is still attempting to adapt a suitable system of producing accountants to meet its local needs. Therefore, the Dutch and the US systems are playing a prominent role in accounting in Indonesia. Although Malaysia initially followed the British colonial model, now it is in the process of producing sufficient number of accountants with a certain amount of coordination among professional bodies and universities. Only the practical training for prospective accountants and the continuing professional development programmes are handled by the professional bodies. Moreover, it is interesting to note that formal links also have been set up to offer British professional examinations with a certain degree of adaptation to local needs in Malaysia.

Through a close liaison with the business community and the professional accounting body, especially the Singaporean university system has developed an accounting degree programme which is relevant and appropriate for meeting the cultural and economic needs of the country (Teo & Low, 1993; Fong & Foo, 1992; Wee, 1994). Consequently, the university accounting education has enabled the Singaporean professional accounting body (ICPAS) to increase its membership from 344 in 1964 to 7,444 in 1992 and concentrate more effectively on the professional development of accountants in the country (Tan et al, 1994).

Similarly, in Malaysia, there are two accounting bodies MIA and MACPA and both require a three year university degree or equivalent for membership. MACPA is closer to the model of an independent professional body seen in many developed countries than MIA. Both MACPA and MIA have over 11,000 membership work in accounting firms, commerce and industry. However, during the post-independence era Malaysia has been able to generate required numbers of accountants for the country's needs through its university and professional education. Obviously, with the changes taking place in the environment, the accounting profession and the academia have to make corresponding reforms jointly if it is to contribute effectively and to increase its relevance for micro and macro information providing mechanism. Most probably, many countries who had colonial influence on their accounting education and training systems are now starting to take a closer look at the structures and institutions which they inherited on the day of their independence and studying as to how they should be best reformed. In Malaysia and in Singapore, this has been possible mainly due to their effective coordination between the higher educational institutions in accounting and the professional bodies. By getting the university system to provide accounting education required for meeting the academic and professional needs, both these countries have been able to produce high quality accountants locally in sufficient numbers (Tipgos, 1987; Tan, et al, 1994 ).

However, Brunei is still in the initial stage of accounting development after nearly a decade of its independence from Britain. Therefore, a very few accountants working in industry, commerce and government sectors. For example, in 1997, there were only 77 accountants scattered in practicing firms, industry and commerce and academia. Among the practicing accountants, two third are expatriates from countries such as Australia, Malaysia, Singapore and Sri Lanka. They are holding professional memberships either from the UK or Australia. In academia, of course, there is a very slow growth which is mainly due to lack of local accounting education and training. This fact is attributable to Brunei's small population and the nature of its economy, which is characterised by a relatively small private sector and the absence of a local capital market. Therefore, Brunei's accounting education is still new but government accounting, enterprise accounting techniques and education are taken almost verbatim from the British model.

In Indonesia, with the liberalisation of the economic environment for foreign and domestic enterprises, the accounting profession has become an important force in the business community. As revealed by Price Waterhouse, in 1992, there were an estimated 11,500 accredited accountants in Indonesia (Price Waterhouse, 1992c). This is hardly sufficient for growing demand for accounting services in the country with a population around 195 million. By contrast, Singapore with only 2.9 million people has over 8,000 professional accountants today. In Malaysia with a population of 18 million has over 11,000 locally qualified professional accountants. Such a shortage of qualified accountants in Indonesia has created mainly due to its continuous dependence on Dutch system even after its independence, without adjusting themselves to local conditions and needs. It is evident that, during the Dutch administration Indonesians were less motivated to accounting training. Therefore, most accounting positions were held by Dutch. However, in 1958 with the expulsion of Dutch nationals, a combination of Dutch and US accounting education and training was encouraged. Subsequently, in 1975 by a directive issued by the Ministry of Education of Commerce of Indonesia, accounting education and training were modelled solely on the US system. This transformation gave rise to dualism in accounting practices. Obviously, the dualism resulted enormous difficulties among employers and academic institutions who were engaged in accounting. For example, in the practical level, implementation of the American system within an organisation had encountered severe resistance from senior accountants, who usually have been trained under the Dutch system (Briston et al, 1990). Therefore, there had been a severe shortage of accounting personnel in Indonesian economy. Moreover, with the increase in demand for accounting related services, more and more students realising the importance entered into accounting discipline. However, until the 1990s, all accounting graduates were required to serve for at least three years in government service after their graduation. Hence, there exist a fierce competition for qualified accountants in the private sector because nearly half of the qualified accountants were employed by the government service (Diga & Yunus, 1997). Therefore, the shortage of accounting personnel was further exacerbated. Moreover, it appears that the rate of failure at accounting examinations is also enormously high. Consequently, the production of qualified accountants by accounting academic and professional bodies was very limited. For example, from 1980 to 1984 only 5 students have passed the entire professional examination, which consist of two parts, organised by the Consortium of Economic Sciences (CES). Although approximately five hundred students appeared for professional examination part one and two in 1990, the pass rate was only five percent for first part and only one percent for the second part of the examination (Briston et al, 1990). Several reasons seem to have contributed to these poor results by the accounting students. One principal reason is that lack of coordination within the accounting training and educational system. As mentioned earlier dualism obviously created tremendous amount of difficulties in coordination of accounting education and training programmes by various educational institutions. Although the route to a professional qualification is relatively straightforward, given the IAI is not an examining body so that entry is possible only through a limited

number of universities plus STAN or through the professional organisations organised by the CES, these routes are very narrow and restrictive. Therefore, a large number of accountants of various levels will never have an opportunity to achieve professional recognition. Indonesia desperately needs more accountants, and it is crucial that all the accounting skills and resources available in the country should be coordinated in order to ensure that they are used as efficiently and effectively as possible (Briston et al. 1990). This has been confirmed by Abdoelkadir and Yunus in their paper on 'Developments in Indonesian Accountancy' in 1994. As revealed by them, Indonesia has to go a long way to undertake a systematic, coordinated and comprehensive approach towards the local need based accountancy development. Moreover, the inadequate coverage of subject matter, shortage of qualified teaching staff in the study programmes available to candidates, lack of text books, inappropriate curriculum and host of other problems relating to infrastructure has created a somber environment for students (See Briston, 1990). Therefore, long standing colonial influence obviously created a severe shortage of accounting personnel in the Indonesian economy.

Another feature of the deep-rooted colonial influence in the accounting education in Indonesia is the heavy emphasis placed on financial reporting. Historically, financial accounting and reporting practices influenced by old Dutch systems and decades later they have changed significantly following the adoption of US accounting systems. The bulk of graduates from STAN, the government accounting school, are placing heavy emphasis on financial reporting and auditing. This emphasis by the tertiary institutions appears irrelevant as only a handful of corporations provide financial statements and an even smaller number have their accounts audited (Briston, 1990; Diga & Yunus, 1997). Therefore, accounting education at the professional level in Indonesia has a heavy emphasis on financial reporting areas with inadequate attention being devoted to managerial accounting. As a result, accounting education in Indonesia concentrates on the technical or mechanical aspect of accounting. The development of management accounting practice and education in Indonesia is in a rudimentary stage (Diga & Yunus, 1997). In this regard, what Mueller mentioned in most developing countries (DCs) seem to be very much applicable to Indonesia. In his study, Mueller (1988) argued that education and training systems developed specifically on the country basis, using indigenous sources, are the real hope for success in accounting education and practice in DCs (Mueller, 1988, p.81). Referring to the direct transfer of technology, he said that:

"in practice, however, the transfer mechanism is much like yesterday's colonialism-major elements of the Dutch accounting system, for example, were transferred to Indonesia, a former Dutch colony; the French system was transferred to former French colonies in Africa and the South Pacific; the British system to most Commonwealth member countries."



He particularly described the use of foreign training and examination systems for producing local accountants in developing countries and stated that:

"The problem become especially acute when a specific domestic training and examination system, geared to produce a domestic professional qualification, is administered in developed countries to enhance the local supply of qualified accountants. It's really a form of accounting colonialism: these people are "qualifying" on someone else's terms and conditions" (Mueller, 1988, p. 83). He believed that the direct transfer of Anglo-American accounting technology into developing countries has lead to an appalling waste of resources. Therefore, given the nature of the Indonesian economy, the infusion of western accounting education systems may be inappropriate at this stage of development. In the area of accounting education and training, the policy decisions ought to be directed towards their relevance to local needs and benefits. As pointed out by Standish (1983) the development of entrepreneurial skills is extremely important for the developing economy like Indonesia.

In Singapore, obviously, this picture is entirely different. Although, the British influence was very strong in the beginning of the accounting education and training, based on the country's needs, it has been possible for them to adapt to changing environments. Eventually, the university education is the first phase of the journey towards attaining the professional status of an accountant. It provides accountant with a more liberal and broad based education than that of the professional training system in UK (Tang & Tse, 1986). This fact has been proved by the recent surveys and research works on employers' perceptions about accounting graduates. It states that:

92 % of the employers strongly and reasonably agreed that the university education received by accounting graduates had facilitated the process of training these accountants" ( Teo & Low, 1993, p.24.).

This situation is quite comparable with other developed and developing countries. For example, in New Zealand, having experience as a British colony, university degrees are monitored and accredited by New Zealand Society of Accountants (NZSA) and at the present time the formal standards for accounting education are set by all seven universities and they offer accredited accounting degrees (Moors & MacGregor 1992, Walker & McClelland 1994). Moreover, Singapore has been able to adapt accounting and auditing standards to fit local conditions which proved to be flexible and cost effective approach in updating the accounting profession. Consequently, they have been able to produce sufficient numbers of accountants required by the country. Recently, the government has been

encouraging Singapore companies and entrepreneurs to venture overseas as a step towards further developing the Singapore economy. Therefore, big accounting firms in Singapore are already venturing into countries like China, Vietnam and Indonesia through the setting up of representative offices, branches and joint ventures. Moreover, Singapore enjoys a high standard of living compared to other countries in this study. The successful story of Singapore may be repeated to some extent in many other developing countries with similar social and economic environments (Tang & Tse 1986; Tipgos, 1987). This indicates how Singapore has adapted accounting education and practice to their changing environment. Therefore, the system that has been adapted by Singapore seems worthwhile and deserves the attention of the planners and policy makers of accounting education in ASEAN.

## **Conclusion**

The comparative analysis of accounting education in Singapore, Malaysia, Indonesia and Brunei presented in this paper provides some evidence to confirm the generally held view that some developing countries which were colonies of western countries in the past are still following the same colonial system of accounting education, which is irrelevant and inadequate for producing accountants suitable for their economies. It also shows that Singapore which adopted the same traditional system for producing accountants during the colonial days has been able to move away from it within a few years of independence. More importantly, the analysis signals that if a developing country continues to depend so heavily on foreign accounting bodies for producing its accountants or adopts accounting curricula of developed Western countries for local accounting examinations without designing a curriculum to suit its economic and cultural environment, the consequences can be disastrous. However, learning from countries in the region and providing necessary alternatives to improve the existing system may be a valuable effort for a foreseeable development. Therefore, it seems necessary for both political and educational authorities of such countries to pay a greater attention to accounting education and take steps to make it more relevant and appropriate for their needs. Eventually, it will be possible to produce accountants who can contribute their share more effectively in solving the problems of economic development.

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