

## THE ROLES OF PROFESSIONAL ACCOUNTANTS IN THE DEVELOPMENT OF CORPORATE COMMUNICATION IN INDIA.

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### ABSTRACT

*The study investigated the roles of professional accountants in the development of mass communication in India. The population of this study comprised all professional accountants in India. The study adopted Expost-Facto research design, while stratified random sampling technique was used in selecting the respondents. The instrument for data collection which was tagged “Professional Accountants Practices and Mass Communication Development Questionnaire” (PAPMCDQ) was administered to 200 respondents and used for the study. The instrument was vetted by 1 expert in statistics and 1 expert in test and measurement before the reliability test was conducted with 20 respondents and the result which was 0.85 proved the instrument reliable for the study. Data collected were analysed using Pearson Product Moment Correlation analysis and regression analysis. The results of the data analyses were all significant and from the results of the analysis, it was observed that there is significant relationship between the practices of professional accountants and the development of mass communication in India. It was also observed that there is significant effect of the professional accountants’ involvement in the development of mass communication on the economic development of India. It was concluded that professional accountants performs very vital roles in the development of mass communication in India and that such roles has a resultant effect on the economic development of India. The recommendation was that professional accountants should always keep themselves at the frontline of safeguarding the integrity of financial reporting. And as such they should ensure that the quality of financial reporting is always provided to the general public. It was also recommended that professional accountant should see themselves as an invaluable asset to any company they find themselves including mass media corporations. And so they should make sure they take active part in the development of mass communication in India without prejudice.*

**KEY WORDS:** practices, professional accountants, development, corporate communication  
**India**

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### INTRODUCTION

In the last thirty years, the globalization of businesses coupled with technological advancement has brought about many changes in the way that accounting and finance professionals carry out their work. The International Federation of Accountants (2002) believes that the role of the finance manager is shifting dramatically from one of transaction manager to that of communicator and strategist, and that finance managers will increasingly become guardians of the corporate conscience. It has also become pertinent for professional accountants not only to possess communication skills but also to impact positively in mass communication sector. In response to this perceived educational need and the increased focus on communication

skills, Miller (2007) asserts that an increasing number of accounting programmes have not only included communication skills but has also related it with the development and operation of mass media and other sectors. As educational objectives have integrated activities into the curriculum in order to support the development of communication skills, experts have also agitated for accountants to contribute immensely to the development of corporate communication.

According to Burger (2008), the importance of communication in accounting is the language of business. Marketing researchers have made significant strides in understanding how communication between firms can be effectively managed (Mohr, Fisher and Nevin, 1999). One method used by accounting firms to manage relationships with customers is collaborative communication, which focuses on using communication to build better relationships between firms. Collaborative communication involves four components: (1) frequency of communication, (2) direction of communication (emphasizing two way communication), (3) formality of communication (having set communication policies and procedures in place), and (4) the use of influence tactics to emphasize common goals between the firms (Mohr, Fisher and Nevin, 1996; 1999). Collaborative communication has been found to be effective in increasing client satisfaction with and commitment to a firm. Accounting will take you in any direction in a company. The reason being that accounting creates a financial picture of day-to-day operations in any formal business organization and therefore helps in hitch-free development and growth of the organization.

The stereotype which characterizes an accountant as merely an introverted "numbers person" must be replaced with the understanding that today's accounting professionals are required to possess and use communication skills that will facilitate decision making processes across all areas of the accounting discipline. Merchant and Otley (2007) state that today's accountant especially within the managerial accounting realm, must clearly communicate their ideas and financial data to others within the company. Many of these people are non-accountants and/or non-financial audiences tactfully and effectively. That is why Siegel, (2000) states that management accountants are now required to be the great communicators.

Hossain, Khan and Yasmin (2008) opine that the role of accountants is significant in the current business environment, because management decision makers from each broadcasting company bases its actions on information provided by accounting. The necessity and the opportunity of decisions designed to ensure the positive evolution of corporations depends on the reliability of accounting information. Financial information is essential in making sound investment decisions and it will reduce the informational asymmetry problem between the firm's managers and the investors. Accounting plays a significant role within the concept of generating and communicating wealth of the companies. Financial statements still remain the most important source of externally feasible information on companies. This study therefore, seeks to investigate the role of accounting professionals in the development of corporate communication in India.

### **Statement of the Problem**

It has been observed that accountants do not use accounting concepts and conventions properly in the preparation of financial statement. Some problems are often encountered by accountants in the process of communicating information to media corporations. Accountants are faced with the challenges of having more meaningful and reliable financial report for corporations. This often leads to misunderstanding of how transactions are accounted for. They are also faced with the problem of having useful information for making economic decision. This

can lead to conflict of interest among the various users of financial statements, if their information needs do not tally.

It has been observed that in spite of the efforts of professional accountants in the economic development of India, not much has been observed of their efforts in the development of mass communication in India. Besides, it the resultant effects of the professional accountants involvement in the development of mass communication on the economic development of India is yet to be appreciated by all. Therefore, this study is set to fill the gap.

### **Objectives of the study**

The main objective of this work is to examine the roles of professional accountants in the development of corporate communication in India, while specific objectives are as follows:

1. To determine the relationship between the practices of professional accountants and the development of corporate communication in India.
2. To determine the effect of the professional accountants' involvement in the development of corporate communication on the economic development of India

### **Research hypotheses**

The following null hypotheses will be tested:

1. There is no significant relationship between the practices of professional accountants and the development of mass communication in India.
2. There is no significant effect of the professional accountants' involvement in the development of mass communication on the economic development of India.

### **Literature Review**

#### **The Roles of Professional Accountants in Corporations**

According to Cowton (2008), the importance of the role of professional accountants in business in ensuring the quality of financial reporting cannot be overly emphasized. Professional accountants in business often find themselves being at the frontline of safeguarding the integrity of financial reporting. Management is responsible for the financial information produced by the company. Like their counterparts in taxation or auditing, professional accountants in business play important roles that contribute to the overall stability and progress of society. Koumbiadis and Okpara (2008) assert that a competent professional accountant in business is an invaluable asset to the company. These individuals employ an inquiring mind to their work founded on the basis of their knowledge of the company's financials.

Accountancy professionals in business assist with corporate strategy, provide advice and help businesses to reduce costs, improve their top line and mitigate risks. As board directors, professional accountants in business represent the interest of the owners of the company (i.e., shareholders in a public company). Their roles ordinarily include: governing the organization (such as, approving annual budgets and accounting to the stakeholders for the company's performance); appointing the chief executive; and determining management's compensation. As chief financial officers, professional accountants have oversight over all matters relating to the company's financial health. This includes creating and driving the strategic direction of the business to analyzing, creating and communicating financial information (Rahman, 2003). As

internal auditors, professional accountants provide independent assurance to management that the organization's risk management, governance and internal control processes are operating effectively. They also offer advice on areas for enhancements. In the public sector, professional accountants in government shape fiscal policies that had far-reaching impacts on the lives of many. According to Uyar and Güngörmüş (2013), the role of accountants in the society includes:

### **Protectors of Public Interest**

A description of the multifaceted role of professional accountants in business is not complete without discussing the duty that the profession owes to the general public (Akadapo Bukola and Enofe, 2013). The accountancy profession as a whole deals with a wide range of issues that has a public interest angle. In the case of professional accountants in business, not only must they maintain high standards but they also have a key role to play in helping organizations to act ethically. Accountants will lose their legitimacy as protectors of public interest if there is no public trust. The accountancy profession has wide reach in society and in global capital markets.

### **Competing Demands**

Güney and Bozkurt (2012) stated that Accountants often times face conflicts between upholding values central to their profession and the demands of the real world. Professionals are expected to exercise professional judgment in performing their roles so that when times get challenging, they do not undertake actions that will result in the profession losing the public's trust as protectors of public interest. Ethical codes for professional accountants globally compels professional accountants, regardless of the roles that they perform, to uphold values of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

### **The Role of Professional Accounting Bodies in Promoting Professional Accountants**

Cowton (2008) stated that professional accounting bodies globally have the important mandate of representing, promoting and enhancing the global accountancy profession. At the national level, the professional accounting body is the voice for the nation's professional accountants; this includes all professional accountants both in practice and in business. Because they play different roles in the society, the overall status of the accountancy profession can only be strengthened when both professional accountants in practice and in business are well-perceived by society. Professional accountants in business are a key pillar in organizations helping to create and sustain value and growth. Their ability to continue to fulfill these roles in the face of constant environmental changes is vital to their continued relevance. Professional accountants in business are also the front runners when it comes to upholding the quality of financial reporting and providing the broader public with reliable financial information.

### **Roles of Communication in Accounting**

In focusing on accounting and the communication process, communication is a critical component of accounting. Lee (1982) argued that accounting is as much about communication as it is to do with measurement, stating 'no matter how effective the process of accounting quantification, its resultant data will be less than effective unless they are communicated properly. The importance of communication in business relationships is well established. In fact, communication has been described as the most important element to the successful interchange between accounting firms (Bleeke and Ernst, 2000). According to Anderson and Weitz (2005),

effective communication is important in business dealing with employees and outsiders, such as vendors and clients. Because accounting is an intrinsic part of any business, good communication skills are vital in this area. Important financial tasks such as budget preparation and reporting, bill paying, payroll and recording income need to be presented properly to management and others to be useful and meaningful. Another important user of accounting information is the investor, who wants to know how a business is doing financially. Usually this type of information is communicated through standard reports, such as balance sheets and income statements, compiled using generally accepted accounting principles.

Cannon (2006) asserts that accounting information needs to be communicated properly to government entities in the case of taxes. An example of government communication is the annual tax return with the Internal Revenue Service, where information is shown following specific rules and regulations. Communication regarding financial matters to government should be done in writing as much as possible. Talking about accounting numbers on the phone can create confusion and should be avoided as much as possible. Banks may want to be appraised of financial situation of businesses, making communication of accounting matters a priority in many firms. In case of bank loans, there may be periodic reports using accounting information. Banks are usually interested in cash flows and may require special reporting regarding a firm's liquidity, including short-term accounts receivables and payables. All this information must be communicated clearly to the bank, or the business may not get the loan.

Lorino and Gherke (2007) assert that without communication, it would be impossible to imagine any accounting processes. Communication and interpretation are crucial for accounting to work, providing 'performance measurements'. As long as reports or indicators are not interpreted by actors 1) to make sense of the situation they face, 2) to exchange information about this situation and 3) to consequently go on acting in their own preferred way in the situation, then figures, scorecards, indicators and diagrams are only 'things', objective artefacts without meaning. They become instruments, engaged in and transforming action as soon as they are interpreted by actors in the course of communication. Consequently organizations are constructed (created) through communication, with organization and communication reciprocally producing each other. In other words, concepts such as dialogue are grounded in this social-constructivist perspective on organizations, concurrently implying that accounting processes are equally socially constructed and dialogue based (Hodge and Kress, 1991; Taylor et al., 1996; Macintosh, 2002).

## **METHOD**

### **Research Design**

An Expost-Facto design was used for this study. In this type of design the researcher cannot manipulate the effect on the dependent variable but just obtain the effect already existing in the natural course of events.

### **Area of the Study**

The research area for this study was India.

### **Population of the Study**

The population of this study comprised professional accountants in India.

### **Sample and Sampling Techniques**

A stratified random sampling technique was used to draw the 200 respondents derived from 4 states in Indian.

### **Instrumentation**

The main instrument used in this study was questionnaire titled “Professional Accountants Practices and Mass Communication Development Questionnaire” (PAPMCDQ). The questionnaire was made up two sections, sections A and section B. Section A was used to collect information on personal data of the respondents while section B of the questionnaire was made up of two variables such as practices of professional accountants, the development of mass communication in India and economic development of India due to the professional accountants’ involvement in the development of mass communication in the country. The obtained data was coded statistically before the statistical analysis of the data.

### **Validation of the Instrument**

The instrument passed through face and content validated by the 1 expert in statistics and 1 expert in test and measurement.

### **Reliability of the Instrument:**

Cronbach Alpha technique was used to determine the level of reliability of the instrument. In the reliability test, a total of 20 respondents who did not form part of the main study were randomly selected from two of the state in India that did not form part of the main work and the instrument administered on them. The reliability coefficient obtained was 0.85 and this was high enough to justify the use of the instrument.

### **Procedure for Collecting Data**

A letter of introduction was written by the researcher. This letter was to introduce the researcher to the heads of the public and private organizations used for the study so that they have the understanding and render assistance to the researcher. The questionnaire were issued and retrieved 3 days latter from each respondent. The exercise took about 24 days.

### **Method of Data Analysis**

The researcher subjected the data generated for this study to appropriate statistical techniques such as descriptive analysis and Pearson Product Moment Correlation Analysis. The test for significance was done at 0.05 alpha levels.

### **Results and Discussions**

#### **Hypothesis One**

The null hypothesis states that there is no significant relationship between the practices of professional accountants and the development of mass communication in India. In order to test the hypothesis, Pearson Product Moment Correlation analysis was then used to analyze the data in order to determine the relationship between the two variables (see table 1).

**Table 1**  
**Pearson Product Moment Correlation Analysis of the relationship between the practices of professional accountants and the development of mass communication in India.**

Variable	$\sum X$	$\sum X^2$	$\sum XY$	$r$
	$\sum Y$	$\sum Y^2$		
Practices of professional accountants (X)	3042	47564	40959	0.75*
Development of mass communication in India (Y)	2639	35757		

**\*Significant at 0.05 level; df =198; N =200; critical r-value = 0.197**

Table 1 presents the obtained r-value as (0.75). This value was tested for significance by comparing it with the critical r-value (0.197) at 0.05 levels with 198 degree of freedom. The obtained r-value (0.75) was greater than the critical r-value (0.197). Hence, the result was significant. The result therefore means that there is significant relationship between the practices of professional accountants and the development of mass communication in India. The result therefore was in agreement with the research findings of Hossain, Khan and Yasmin, (2008) who opines that the role of accountants is significant in the current business environment, because management decision makers from each broadcasting company bases its actions on information provided by accounting. The significance of the result caused the null hypotheses to be rejected while the alternative one was accepted.

**Hypothesis Two**

The null hypothesis states that there is no significant effect of the professional accountants’ involvement in the development of mass communication on the economic development of India. In order to test the hypothesis regression analysis was performed on the data, (see table 2).

**Table 2**  
**Regression of the effect of the professional accountants’ involvement in the development of mass communication on the economic development of India.**

Model	R	R Square	Adjusted R Square	Std. error of the Estimate	R Square Change
1	0.90*	0.81	0.81	0.97	0.81

**\*Significant at 0.05 level; df= 198; N= 200; critical R-value = 0.197**

The above calculated R-value (0.90) was greater than the critical R-value of (0.197) at 0.05 alpha level with 198 degree of freedom, meaning that the strength of relationship, the two variables (professional accountants’ involvement in the development of mass communication and the economic development), being linear in nature, is very strong and positive. R-square value, the coefficient of determination (0.81), being the squared value of the correlation coefficient predicts

(81%) of the effect of professional accountants' involvement in the development of mass communication on the economic development. The rate of percentage is highly positive and therefore implies that there is significant effect of professional accountants' involvement in the development of mass communication on the economic development on India. Besides, the Adjusted R-square of 0.81 depicts 81% level of impact of the explanatory variable on the economic development. It was also deemed necessary to find out the extent of the variance of each class of independent variable as responded by each respondent (see table 3).

**Table 3**

**Analysis of variance of the effect of the professional accountants' involvement in the development of mass communication on the economic development of India.**

Model	Sum of Squares	Df	Mean Square	F	P-value.
Regression	811.03	1	811.03	849.11	.000b
Residual	189.12	198	0.96		
Total	1000.16	199			

The above table presents the calculated F-value as (849.11) and the P-value as (000). Being that the P-value (000) is below the probability level of 0.05, the result means that there is significant effect of the professional accountants' involvement in the development of mass communication on the economic development of India. The result implies that there is significant effect of the professional accountants' involvement in the development of mass communication on the economic development of India. The result therefore was in agreement with the research findings of Cowton (2008), who stated that professional accounting bodies globally have the important mandate of representing, promoting and enhancing the global accountancy profession and that the professional accountants in business are a key pillar in organizations helping to create and sustain value and growth. The significance of the result caused the null hypotheses to be rejected while the alternative one was accepted.

### **Conclusion**

Based in the findings made the following conclusions are deemed necessary:

Professional accountants in India play very useful roles in the society. Apart from helping to produce accounting information to the society it contributes immensely to the development and protection of business including mass communication and other sectors as well. Hence, practices of professional accountants have significant relationship with the development of mass communication in India. It is also pertinent to know that there is significant effect of the professional accountants' involvement in the development of mass communication on the economic development of India.

### **Recommendations**

The researcher wishes to present the following recommendations:

1. Professional accountants should always keep themselves at the frontline of safeguarding the integrity of financial reporting. Hence, they should ensure that the quality of financial reporting is always provided to the general public.
2. Professional accountant should see themselves as an invaluable asset to any company they find themselves including mass media corporations. Hence, they should make sure



they take active part in the development of mass communication in India without prejudice.

3. Accountancy professionals in business should assist mass media with corporate strategy, providing advice and help businesses to reduce costs, improve their top line and mitigate risks.

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