The case for change in accounting education

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Minsk, Oct 11th 2016

STAREP Accounting and Auditing Education Community of Practice

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WORLD BANK GROUP
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Strengthening Auditing and Reporting in the Countries of the Eastern Partnership

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INTRODUCTION

The case for change in accounting education

- I. Introduction
- II. International accounting standards and their impact on accounting education
- III. Examples of changes to accounting education as a result of IFRS adoption
- IV. The broader case for change in accounting education
- V. Drivers of change for Universities
- VI. Different models for training of professional accountants
- VII. Competency-based education in U.S. Colleges
- VIII. Implementing Competency-based education: best practices

II. INTERNATIONAL ACCOUNTING STANDARDS AND THEIR IMPACT ON ACCOUNTING (AND AUDIT) EDUCATION

II. Many international standards

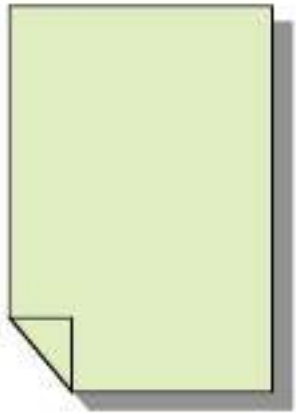
- IFRS and IFRS for SMEs
  - *International Accounting Standards Board*
- International Public Sector Accounting Standards (IPSAS)
  - *International Public Sector Accounting Standards Board (IPSASB)*
- International Standards on Auditing (ISAs) and International Standards on Quality Control (ISQC)
  - *International Auditing and Assurance Standards Board (IAASB)*
- Ethics Standards for Professional Accountants
  - *International Ethics Standards Board for Accountants (IESBA)*
- International Education Standards (IES)
  - *International Accounting Education Standards Board (IAESB)*

II. IFRSNot just another set of standards

Afghanistan	China	Iceland	Montserrat	South Africa
Albania	Colombia	India	Myanmar	Spain
Angola	Costa Rica	Indonesia	Nepal	Sri Lanka
Anguilla	Croatia	Iraq	Netherlands	St Kitts and Nevis
Antigua and Barbuda	Cyprus	Ireland	New Zealand	St Vincent and the Grenadines
Argentina	Czech Republic	Israel	Nicaragua	Suriname
Armenia	Denmark	Italy	Niger	Swaziland
Australia	Dominica	Jamaica	Nigeria	Sweden
Austria	Dominican Republic	Japan	Norway	Switzerland
Azerbaijan	Ecuador	Jordan	Oman	Syria
Bahamas	Egypt	Kenya	Pakistan	Taiwan
Bahrain	El Salvador	Korea (South)	Palestine	Tanzania
Bangladesh	Estonia	Kosovo	Panama	Thailand
Barbados	European Union	Kuwait	Paraguay	Trinidad & Tobago
Belgium	Fiji	Latvia	Peru	Turkey
Belarus	Finland	Lesotho	Philippines	Uganda
Belize	France	Liechtenstein	Poland	Ukraine
Bermuda	Gambia	Lithuania	Portugal	United Arab Emirates
Bhutan	Georgia	Luxembourg	Qatar	United Kingdom
Bolivia	Germany	Macao	Romania	United States
Bosnia and Herzegovina	Ghana	Macedonia	Russia	Uruguay
Botswana	Greece	Madagascar	Rwanda	Uzbekistan
Brazil	Grenada	Malaysia	Saint Lucia	Venezuela
Brunei	Guatemala	Maldives	Saudi Arabia	Vietnam
Bulgaria	Guinea-Bissau	Malta	Serbia	Yemen
Cambodia	Guyana	Mauritius	Sierra Leone	Zambia
Canada	Honduras	Mexico	Singapore	Zimbabwe
Cayman Is.	Hong Kong	Moldova	Slovakia	
Chile	Hungary	Mongolia	Slovenia	

» **Red = Countries which require the use of IFRS for the vast majority of listed companies, based on a study of 143 countries, representing 97% of world GDP**

II. IFRS = Principles based standards



Concepts - Principles - Rules

II. IFRS Resources

Thursday 08 September 2016

IFRS

Welcome to the website of the IFRS Foundation and the IASB

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IFRS use around the world › IFRS education › IFRS Teachers

IFRS education

- Framework-based teaching material
- IASB Investor Education
- IFRS Research Centre
- Educational material on fair value measurement
- IFRS Students
- IFRS Teachers

IFRS Teachers

IFRS Foundation education initiative activities designed to support IFRS teachers include:

1. **IFRS Teaching sessions**
   The IFRS Foundation is holding a series of regional half-day IFRS Teaching sessions, in cooperation with regional academic accounting associations and others to assist IFRS teachers to implement Framework-based teaching. The sessions also aim to encourage teaching that develops in students the ability to make the judgements that are necessary to apply principle-based accounting standards. For more information click here.

2. **IFRS for SMEs Train the Trainer workshops**
   The IFRS Foundation is holding a series of regional 'train the trainers' workshops, in cooperation with regional professional associations and the world's development agencies. These workshops are part of our programme to build capacity for the implementation of the

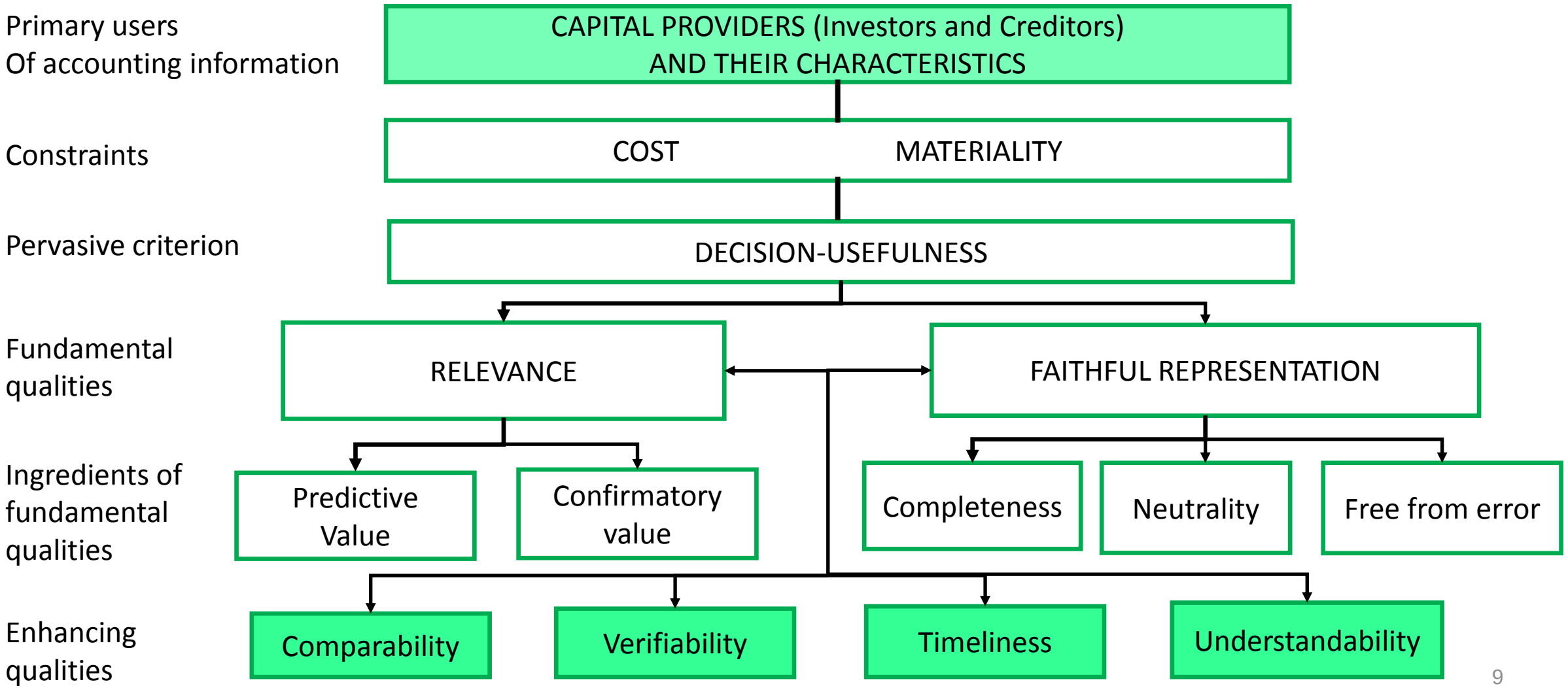
Vacancies

There are currently no vacancies available.

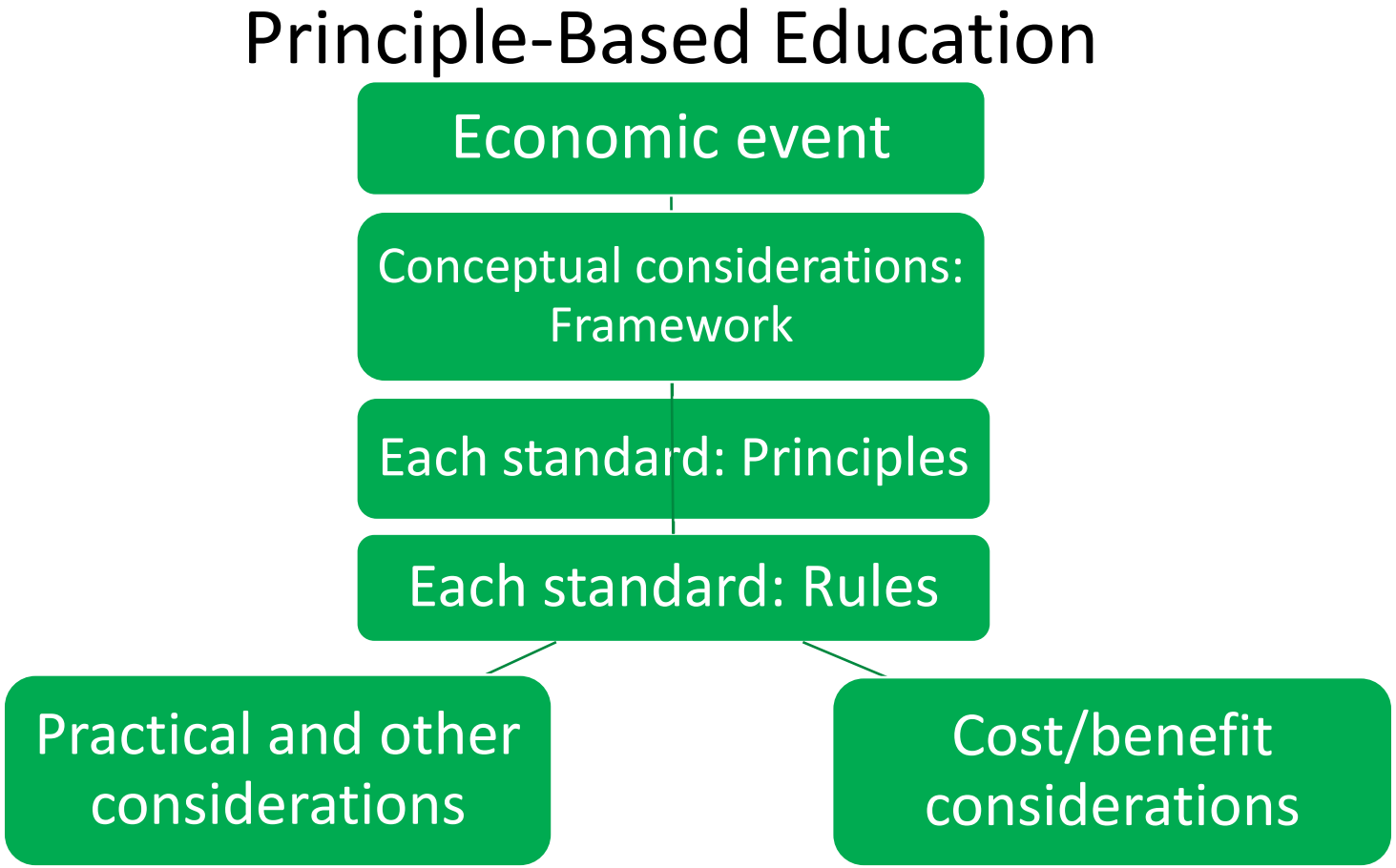
Contact us

Gloria Lindfield
IFRS Education Initiative
email: glindfield@ifrs.org

II. What is the IFRS Conceptual Framework



II. Framework-based teaching: How to implement it?



Source: Coetzee and Schmulian (2011)

II. Framework-based teaching: Benefits?

II. Framework-based teaching: Challenges?

III. EXAMPLES OF CHANGES TO ACCOUNTING EDUCATION AS A RESULT OF IFRS ADOPTION

III. Examples: Australia

III. Examples: South Africa

III. Examples: France

III. Examples: France: Ecole Superieure du Commerce de Paris (ESCP-Europe)

III. Examples: France-ESCP

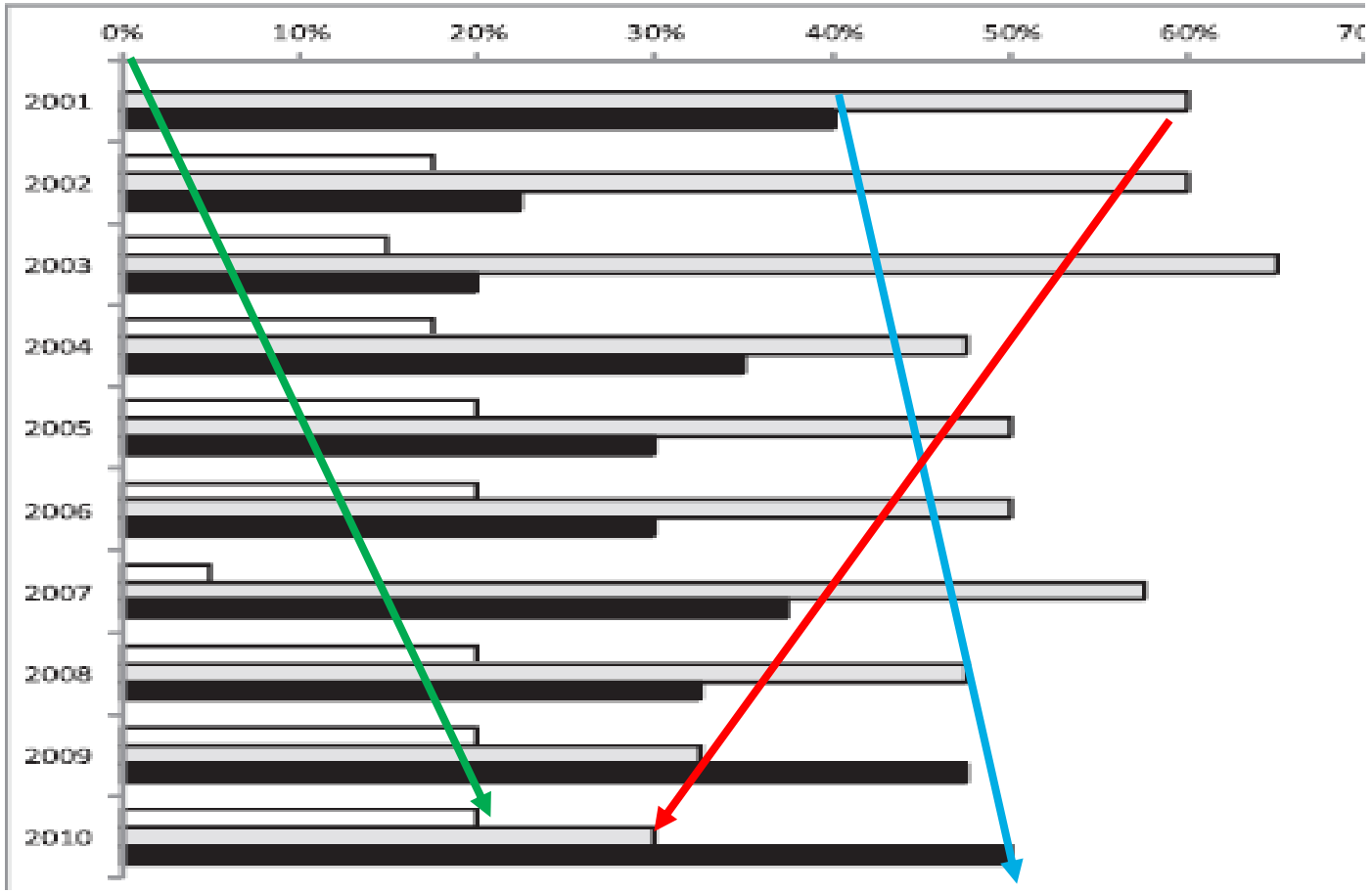
Main Pedagogical Impacts on the Way the Accounting Process is Taught

	Transaction Identification	Recording Process	Presentation & Analysis: F/S
Learning goals	Students must be able to define economic transactions before recording them.	No real changes (students must be able to record transactions.)	Students must be able to identify and explain the impact of how the transaction is defined o the presentation and analysis of financial statements.
Learning strategy	- Use real cases - Presentation of multiple transactions in different industries	No real changes (double entry, business game)	No real change (business games, real case studies including presentation by a CFO)
Assessment	- Design of dedicated exercises based on real life cases - Assessment in final exam	No real changes (business game, tests)	Explanation of recording impacts become explicit and are emphasized.

Source: A French experience of an IFRS Transition Carole Bonnier, Frederic Demerens, Christopher Hossfeld, and Anne Le Manh, Issues in Accounting Education, Vol. 28, No. 2, 2013

III. Examples: France-ESCP

Final exam grade composition

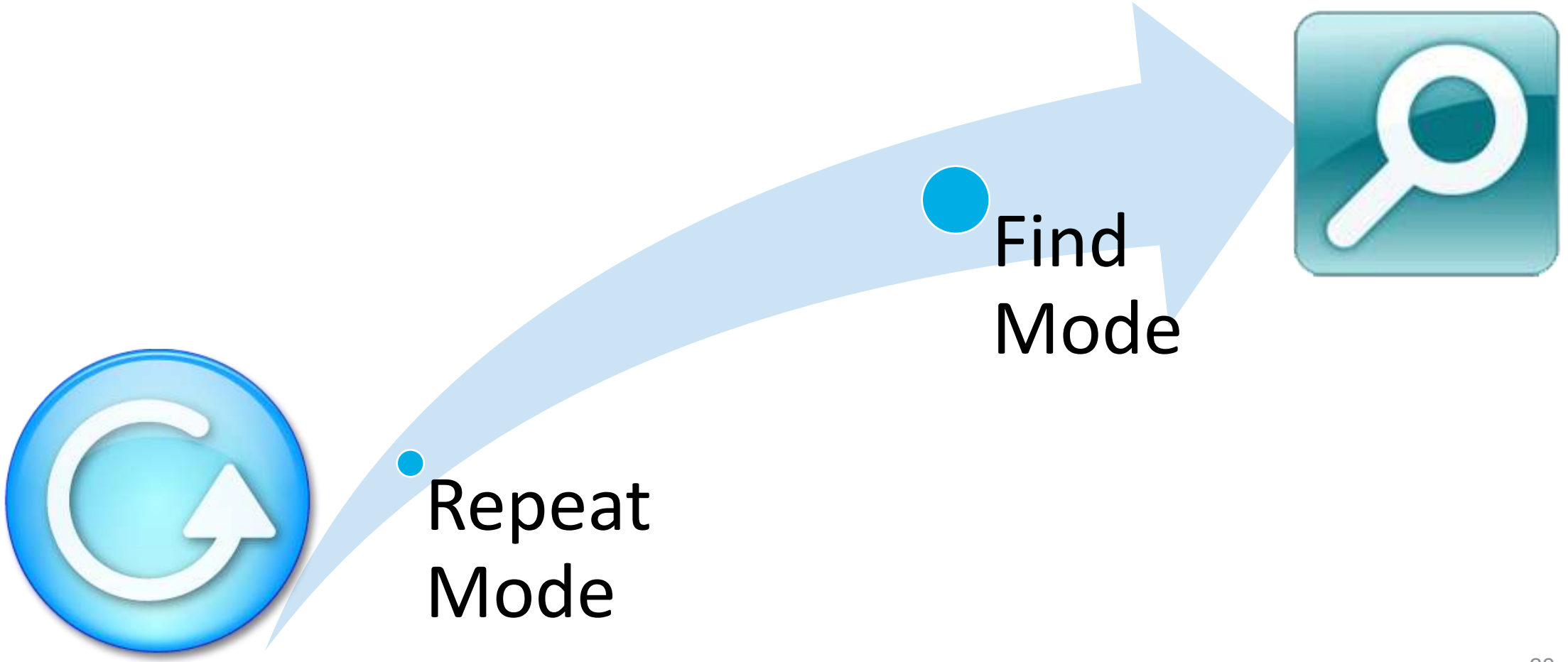


Defining transactions

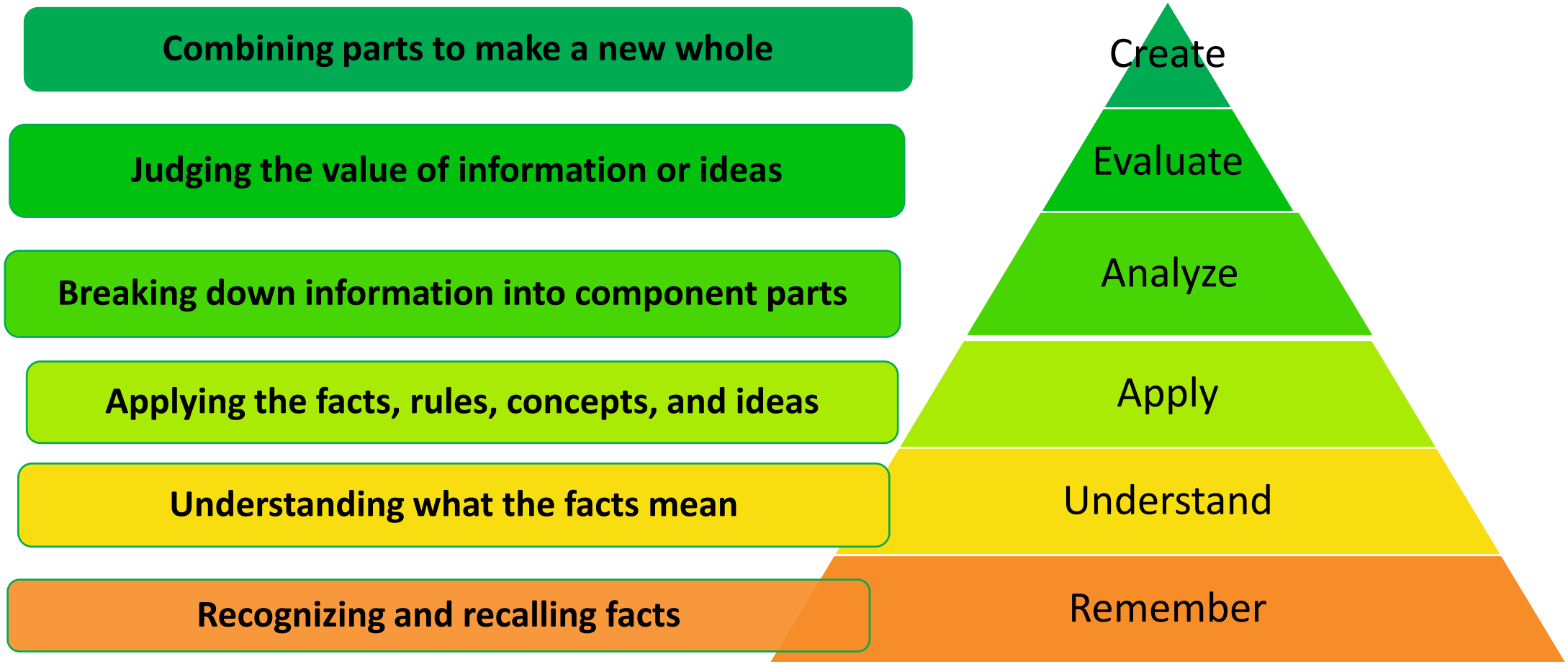
Recording

FS presentation and analysis of impacts

III. Examples: France-ESCP



III. Examples: France - lessons learned



IV. THE BROADER CASE FOR CHANGE IN ACCOUNTING EDUCATION

IV. The case for change in accounting education: 9 Key priorities for CFOs

- Regulation
- Globalization
- Technology (especially IT)
- Risk management
- Transformation (e.g. re-engineering to reduce costs or improve efficiency)
- Stakeholder management
- Validation of corporate strategy
- Changes in financial reporting (IFRS, environmental and social metrics)
- Finding the right staff with the right skills

Source: "The case for change in accounting education" Barbara Flood, Dublin City University, Routledge, 2014

IV. The case for change in accounting education: Generic skill categories of accounting graduates

Skill List	Watty et al. (1998)	Albrecht & Sack (2000)	Kavanagh & Drennan (2008)	Jackling & De Lange (2009)	Hancock et al. (2009)	IES 3	Skills from Sri Lankan Job Advert-isements	Skills Considered for this Study
1. ***Intellectual Skills***								
Analytical	✓	✓	✓			✓	✓	✓
Creativity	✓		✓			✓		✓
Critical Thinking		✓	✓		✓	✓		✓
Decision modelling		✓	✓			✓		✓
Independent thought			✓				✓	✓
Informed decision-maker	✓							
Logical argument			✓			✓		
Problem-solving			✓		✓	✓	✓	✓
Research		✓	✓			✓		✓
Risk propensity			✓					
Able to deal with complexity					✓		✓	✓
Uncertainty					✓			
Enthusiastic							✓	✓
Achieve given targets by the management							✓	✓

Source: Abayadeera & Watty (2011)

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2. *Technical and Functional Skills*								
Professional accounting qualifications							✓	✓
Academic accounting qualifications							✓	✓
Accounting software			✓			✓	✓	✓
Computer technology competence	✓	✓	✓	✓	✓	✓	✓	✓
Key accounting/Bookkeeping			✓	✓	✓		✓	✓
Measurement		✓	✓			✓		✓
Reporting						✓		
Auditing				✓	✓			
Business recovery				✓				
Risk analysis		✓	✓			✓		✓
Compliance with legislative and regulatory requirements						✓		
Literacy/Numeracy					✓			

Source: Abayadeera & Watty (2011)

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3. *Personal Skills*								
Work long hours/willing to work extra hours							✓	✓
Right personality							✓	✓
Smart appearance							✓	✓
Adaptable	✓					✓		
Flexible			✓		✓			
Commitment to professional development				✓	✓	✓		✓
Continuous learning		✓	✓					
Cope with stress	✓				✓			
Personal discipline	✓						✓	✓
Practical	✓				✓			
Professional attitude/behaviour		✓	✓		✓			✓
Meeting tight deadlines					✓	✓	✓	✓
Self-promotion			✓					
Self-motivated	✓		✓				✓	✓
Self-management					✓	✓		
Initiative, influence and self-learning					✓	✓		
Professional skepticism						✓		
Work ethics	✓		✓		✓	✓		✓
Positive attitudes values			✓			✓	✓	✓
Ambition					✓			
Hardworking, dedicated					✓		✓	✓
Well-rounded, mature, confident persons					✓			

Source: Abayadeera & Watty (2011)

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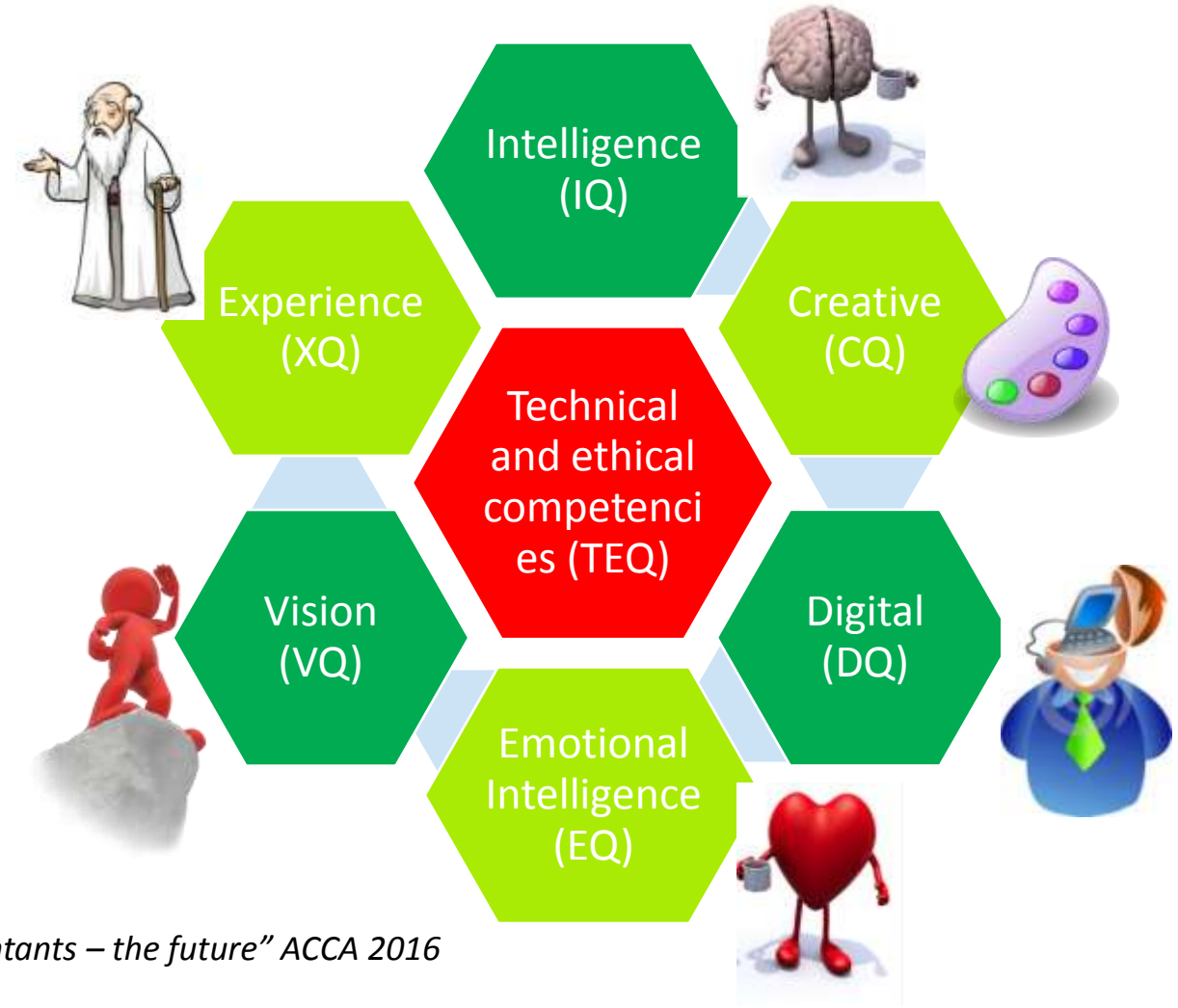
4. *Interpersonal and Communication Skills*								
Fluency in English language							✓	✓
Oral communication	✓	✓	✓	✓	✓	✓	✓	✓
Written communication	✓	✓	✓	✓	✓	✓	✓	✓
Critical comment					✓			
Listening	✓		✓		✓	✓		✓
Reading with understanding			✓					
Negotiation		✓	✓		✓	✓		✓
Interpersonal team work	✓	✓	✓	✓	✓	✓	✓	✓
Value-adding team member	✓						✓	✓
Cross-cultural	✓		✓	✓	✓	✓		✓
Customer orientation		✓	✓		✓			✓
Salesmanship		✓						
5. *Organizational and Business Management Skills*								
Change management		✓	✓			✓		✓
Resource management		✓	✓			✓	✓	✓
Decision-making	✓	✓	✓			✓		✓
Inter-disciplinary	✓		✓				✓	✓
Leadership		✓	✓	✓	✓	✓	✓	✓
Project management		✓	✓		✓			✓
Strategic management	✓		✓					
Organise and delegate tasks to motivate and develop people						✓		
Professional judgement and discernment						✓		
Entrepreneurship		✓	✓					
Management skills					✓		✓	✓
Planning and organising					✓		✓	✓
Community involvement and social responsibility					✓			

Source: Abayadeera & Watty (2011)

IV. The case for change in accounting education: key competencies



Adapted from "Professional Accountants – the future" ACCA 2016

IV. Key competencies

Technical skills and ethics (TEQ)

- The skills and abilities to perform activities consistently to a defined standard while maintaining the highest standards of integrity, independence and skepticism.

Source: "Professional Accountants - the future" ACCA- 2016

IV. Key competencies

Intelligence (IQ)

- The ability to acquire and use knowledge: thinking, reasoning and solving problems.

Creative (CQ)

- The ability to use existing knowledge in a new situation, to make connections, explore potential outcomes, and generate new ideas.

Digital (DQ)

- The awareness and application of existing and emerging digital technologies, capabilities, practices and strategies.

Emotional Intelligence (EQ)

- The ability to identify your own emotions and those of others, harness and apply them to tasks, and regulate and manage them.

Vision (VQ)

- The ability to anticipate future trends accurately by extrapolating existing trends and facts, and filling the gap by thinking innovatively.

Experience (XQ)

- The ability and skills to understand customer expectations, meet desired outcomes and create value.

Source: "Professional Accountants - the future" ACCA- 2016

IV. The case for change in accounting education: Competency-based education

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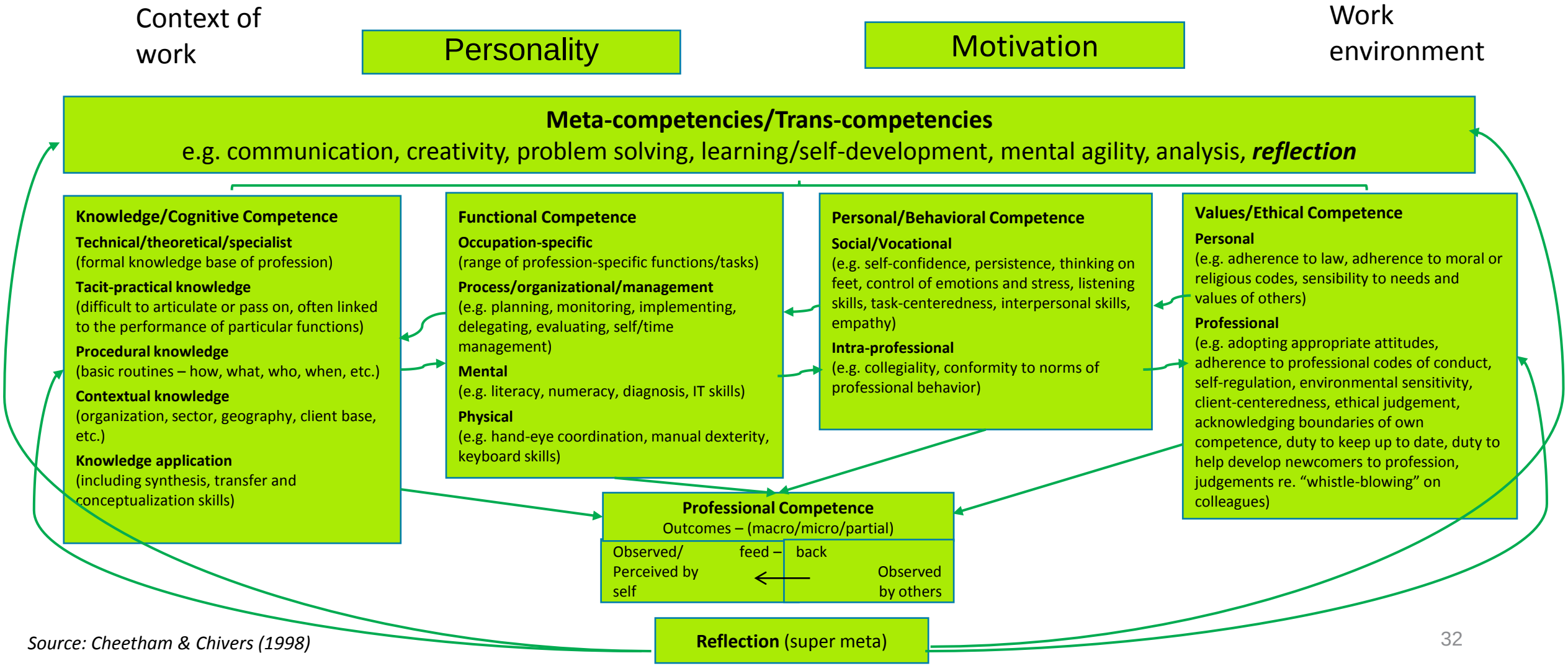
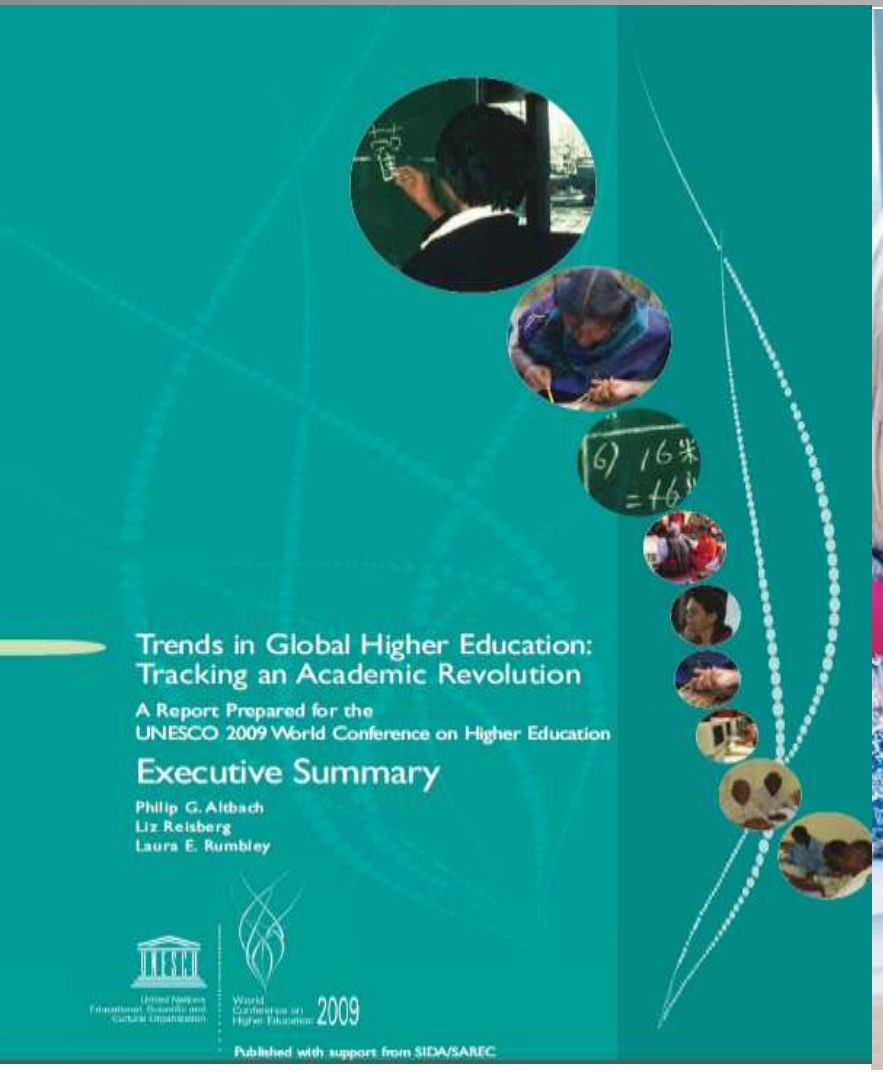
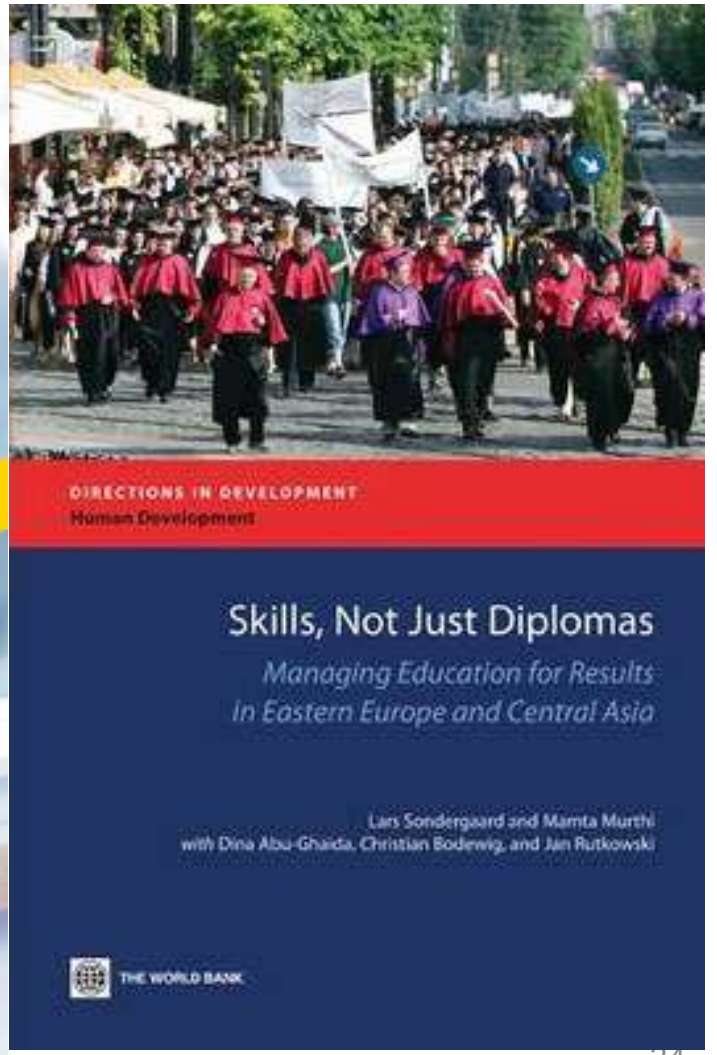


Source: Cheetham & Chivers (1998)

V. DRIVERS OF CHANGE FOR UNIVERSITIES

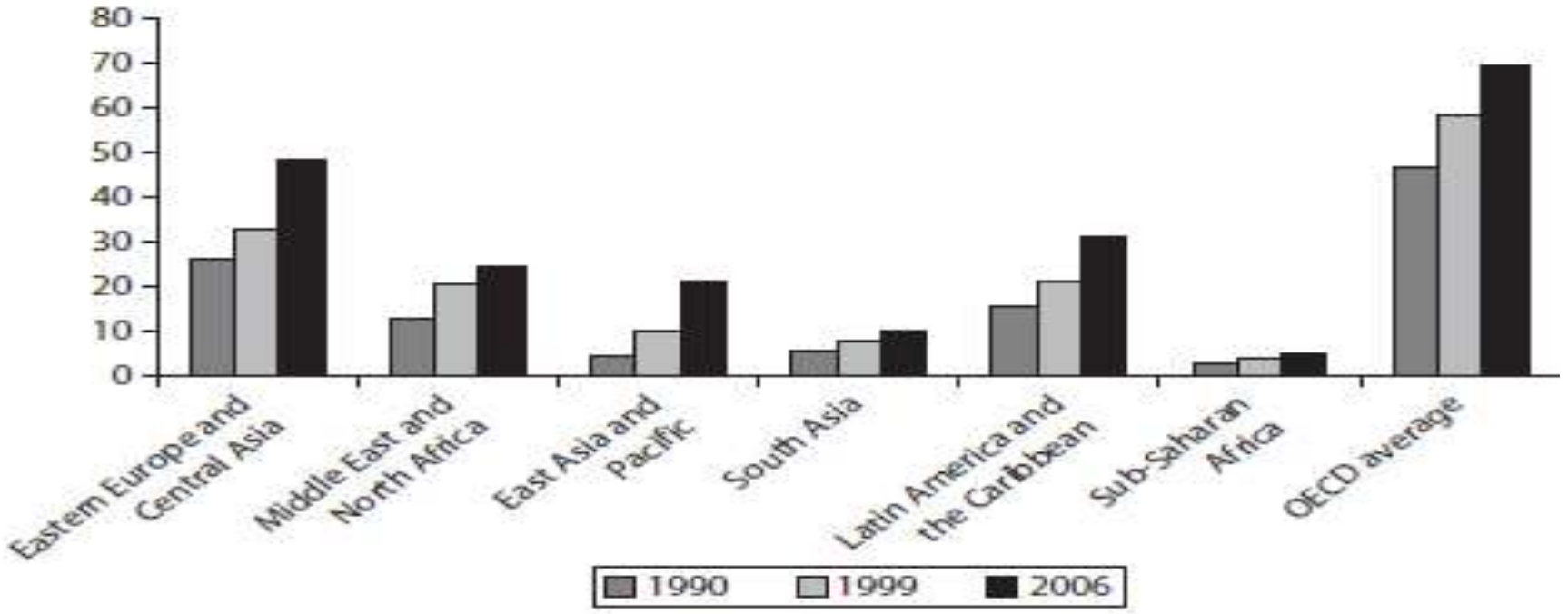
V. Drivers of change for Universities





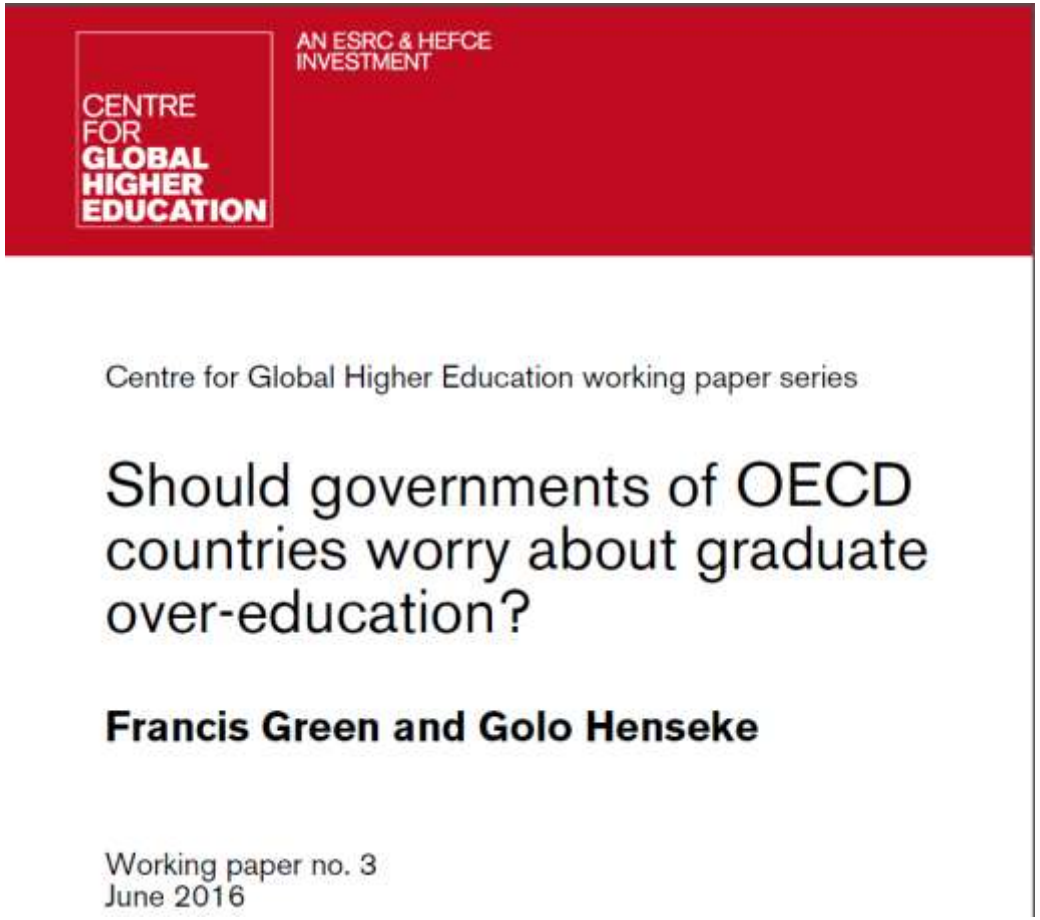
V. Drivers of change for Universities - Democratization of knowledge and access

Figure 2.1 Gross Enrollment Rates in Tertiary Education, by World Bank Region
(percent)



Source: Edstats Database.
Note: In the case of South Asia, the figure for 1999 is actually for 2000.

V. Drivers of change for Universities - Democratization of knowledge and access



V. Drivers of change for Universities - Financing Challenges

V. Drivers of change for Universities - Digital Technologies

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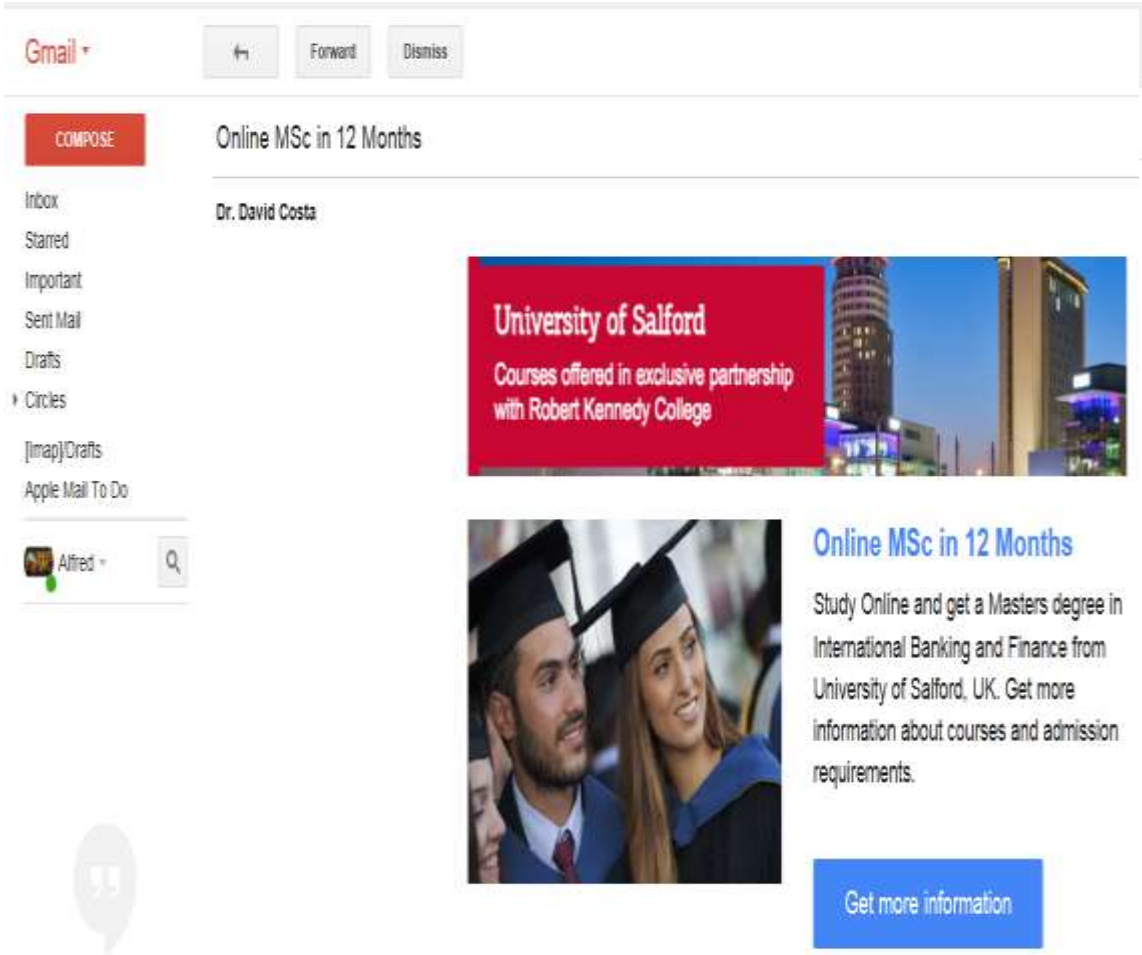
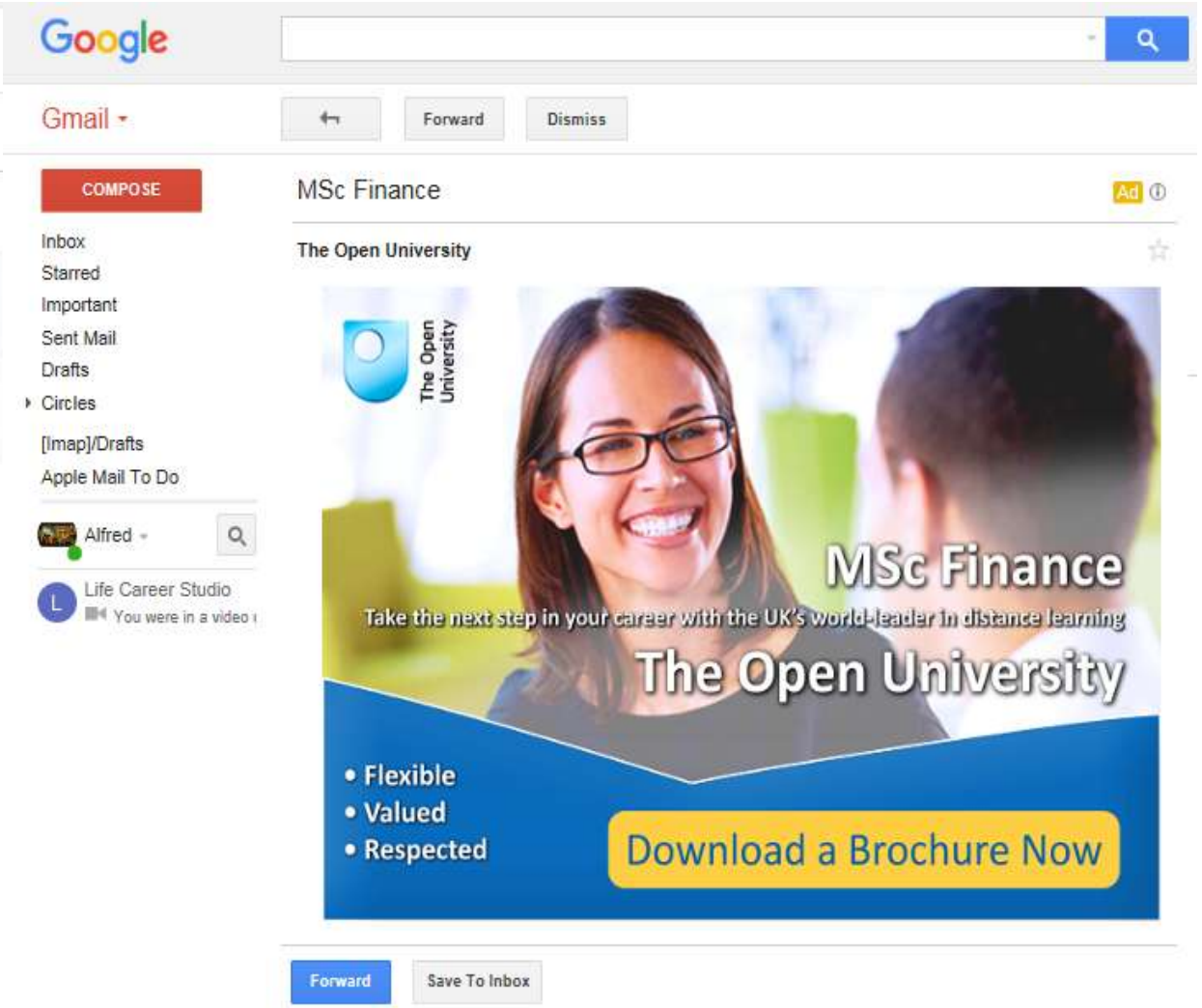
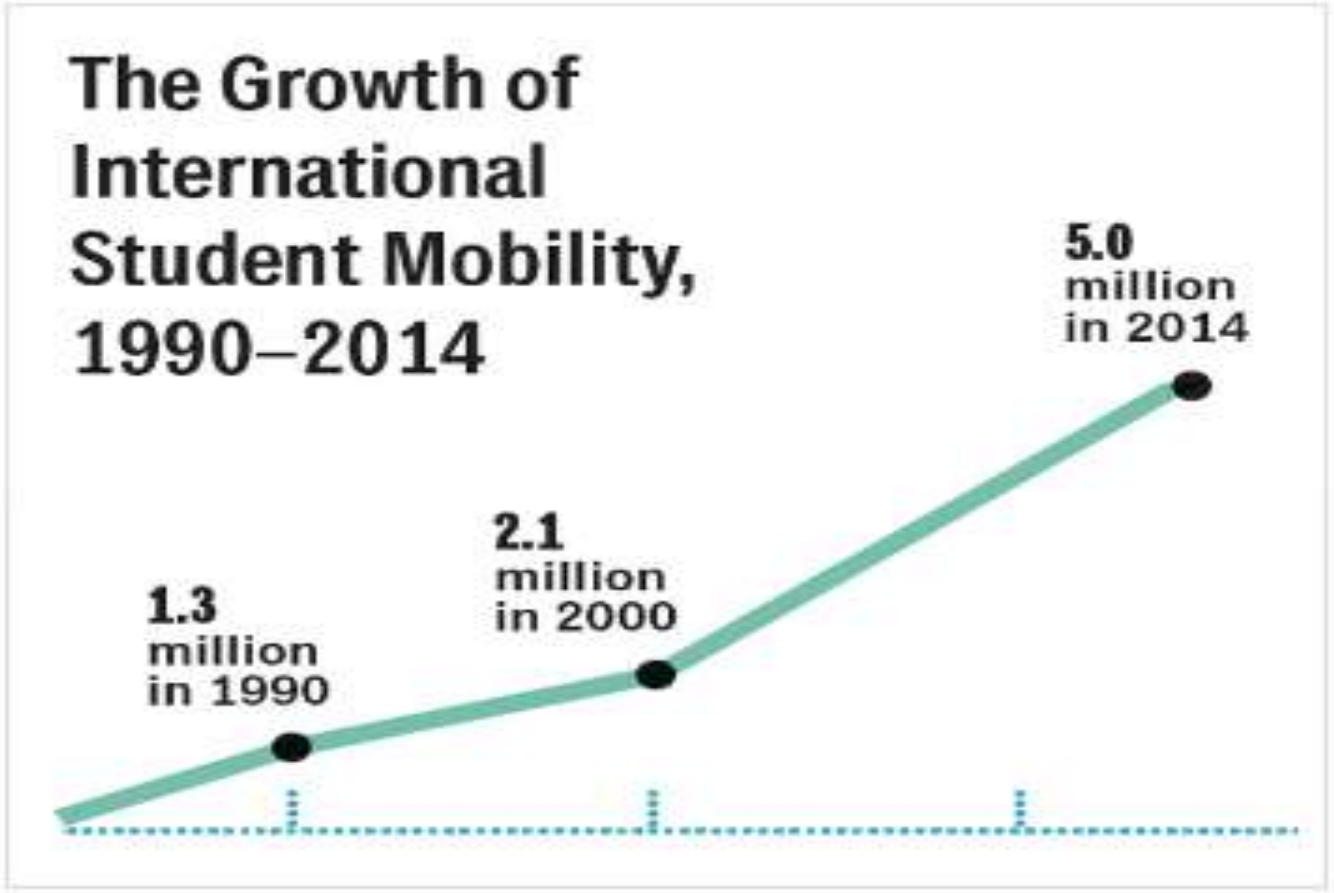


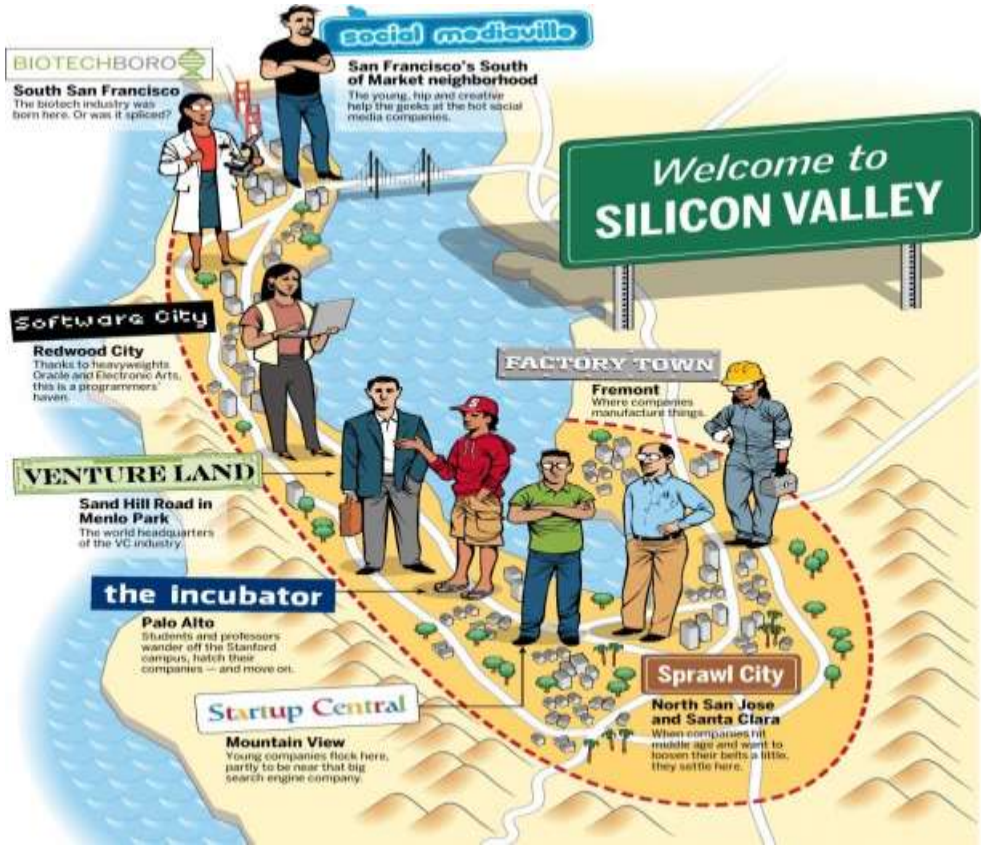


V. Drivers of change for Universities - Global mobility



Source: ICEF Monitor, a dedicated market intelligence resource for the international education industry.

V. Drivers of change for Universities - Integration with Industry



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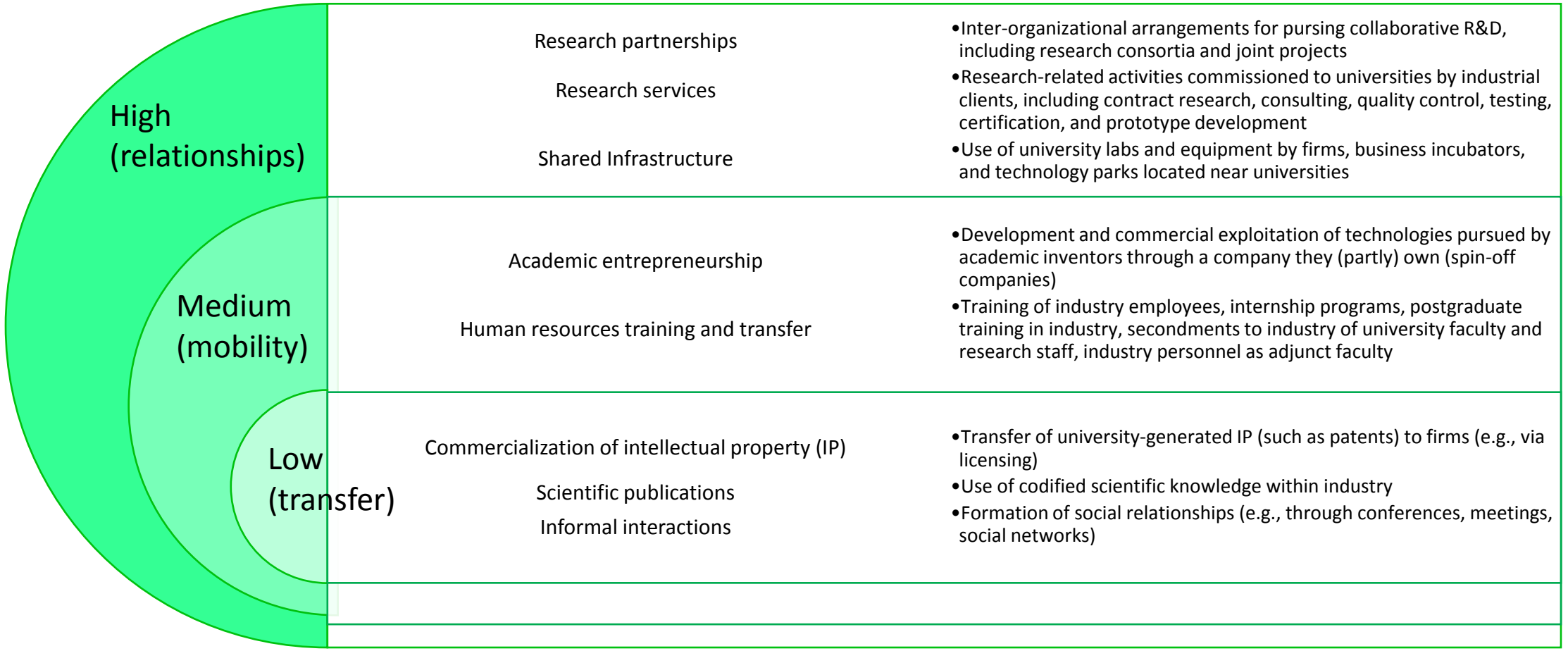
Topology of University-Industry Collaboration, from Higher to Lower Intensity



V. Evolving University Models

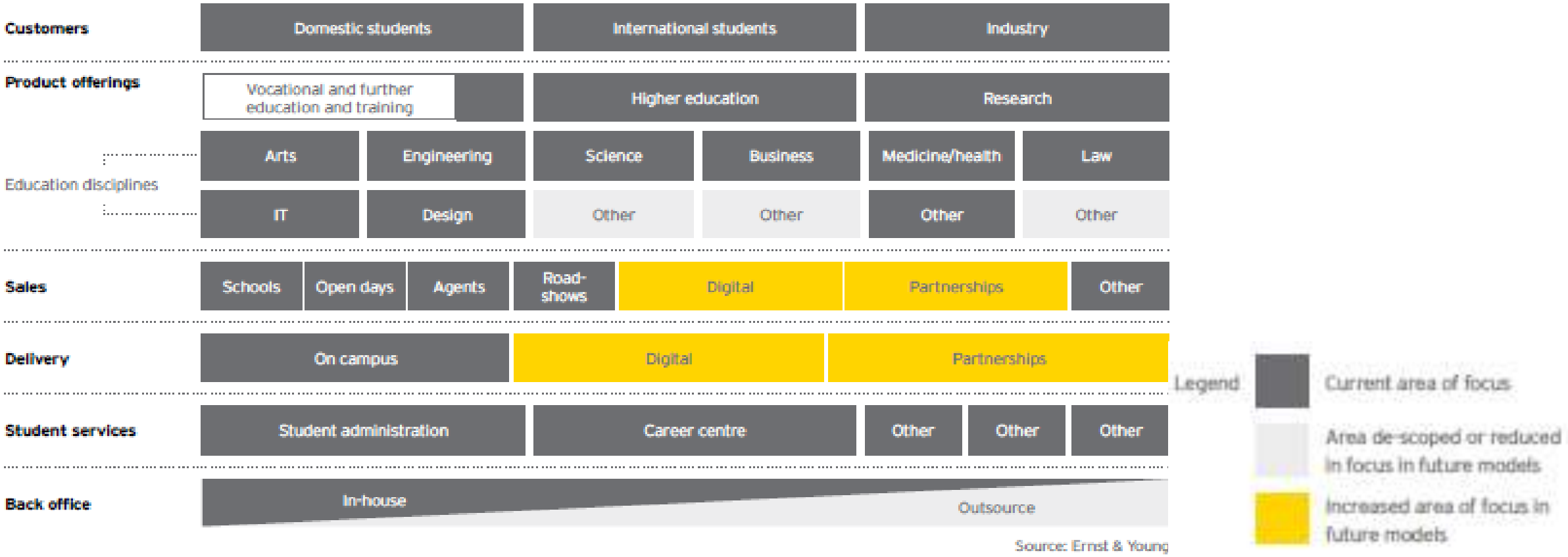
- The dominant university model in Australia and elsewhere, is a broad-based teaching and research institution, supported by a large asset base
- Significant transformation of university business models in the coming

Three models:

- **Streamline status quo** - broad-based teaching and research institutions, but will transform the way they deliver their services and administer their organisations
- **Niche operators** - Chooses particular customer segments to focus on - enabling the targeted development of course offerings, sales channels, and delivery
- **Transformers** - Private providers and new entrants will carve out new positions in the traditional sector, creating new markets that merge parts of the higher education sector with other sectors.

V. Evolving University Models

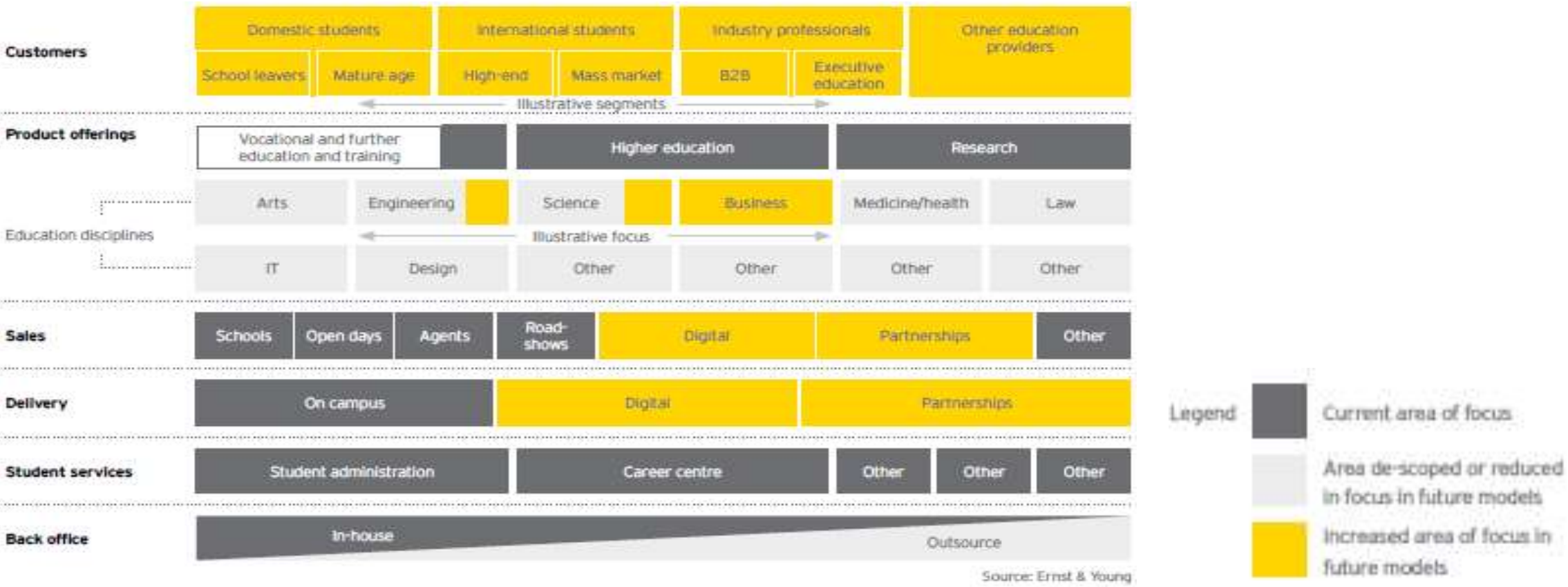
Potential future model – “streamlined Status Quo”



Source: Ernst & Young

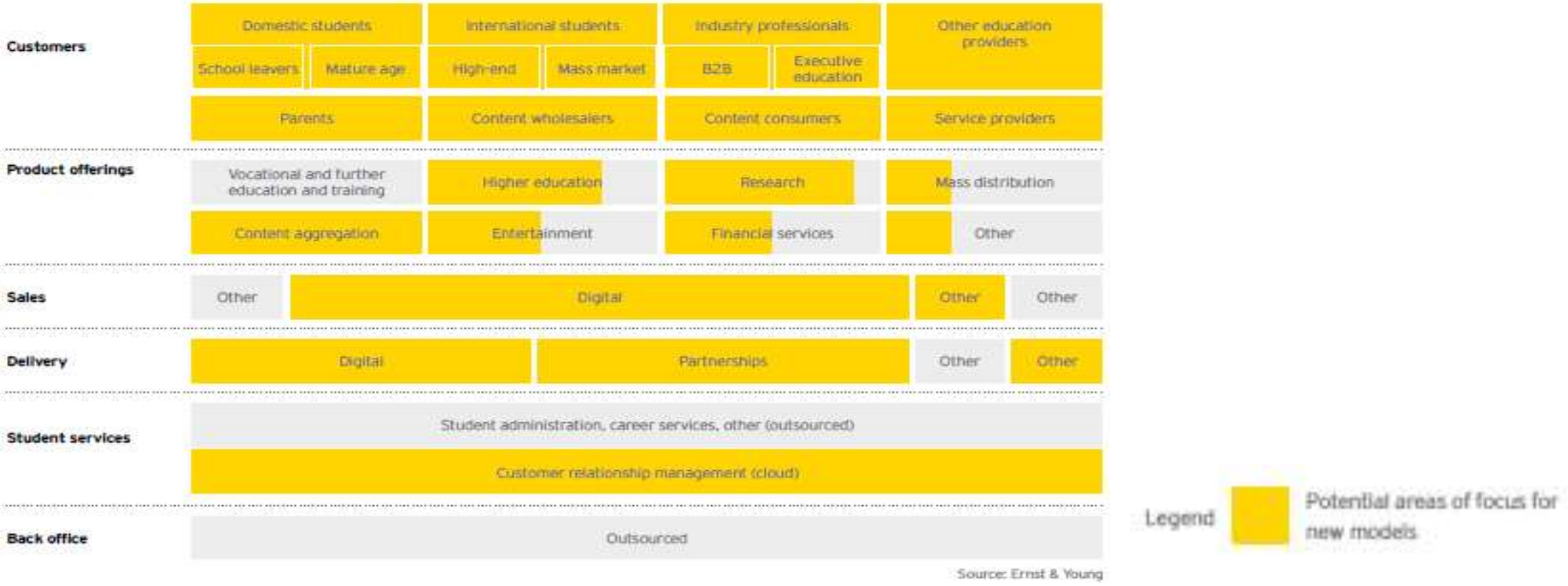
V. Evolving University Models

Potential future model – “Niche Dominators”



V. Evolving University Models

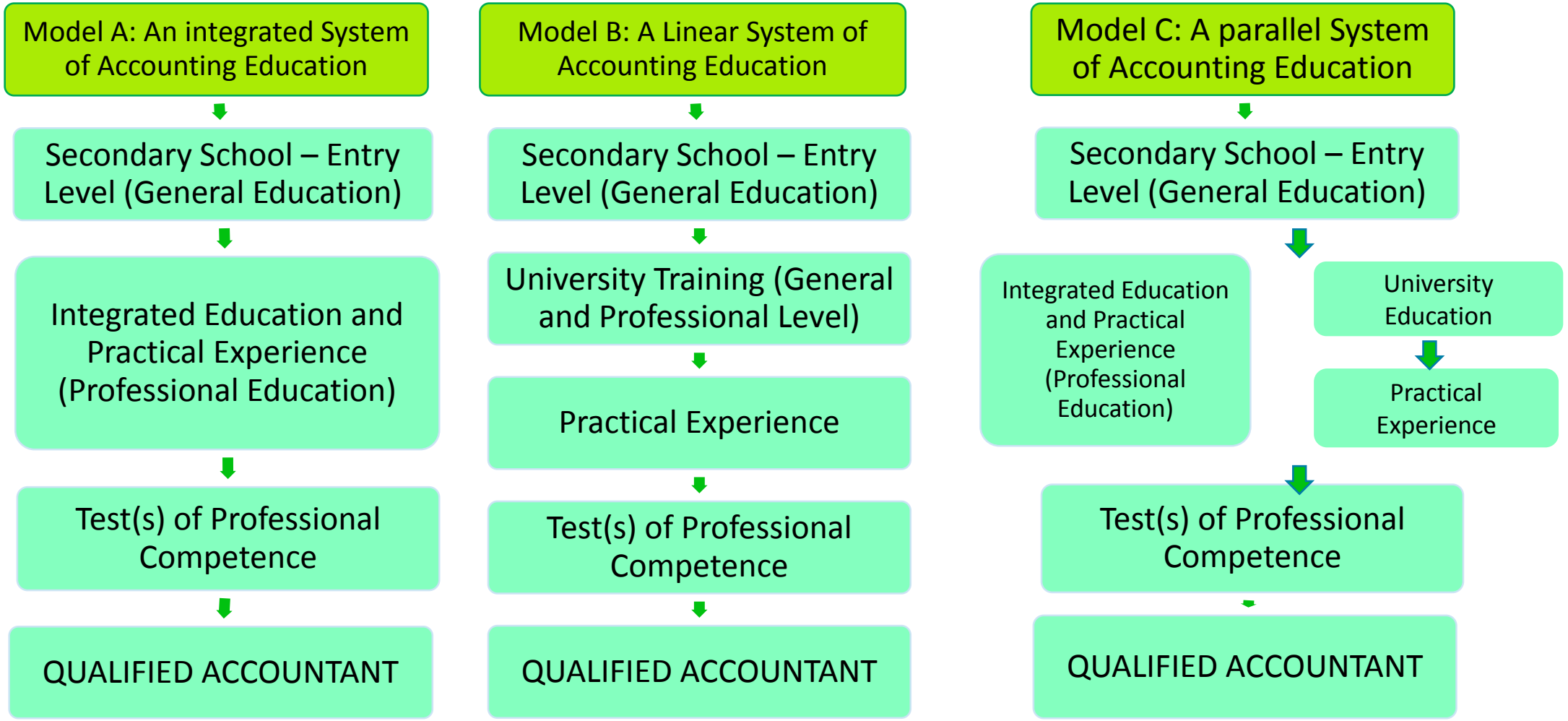
Potential future model – “Transformers”



Source: Ernst & Young

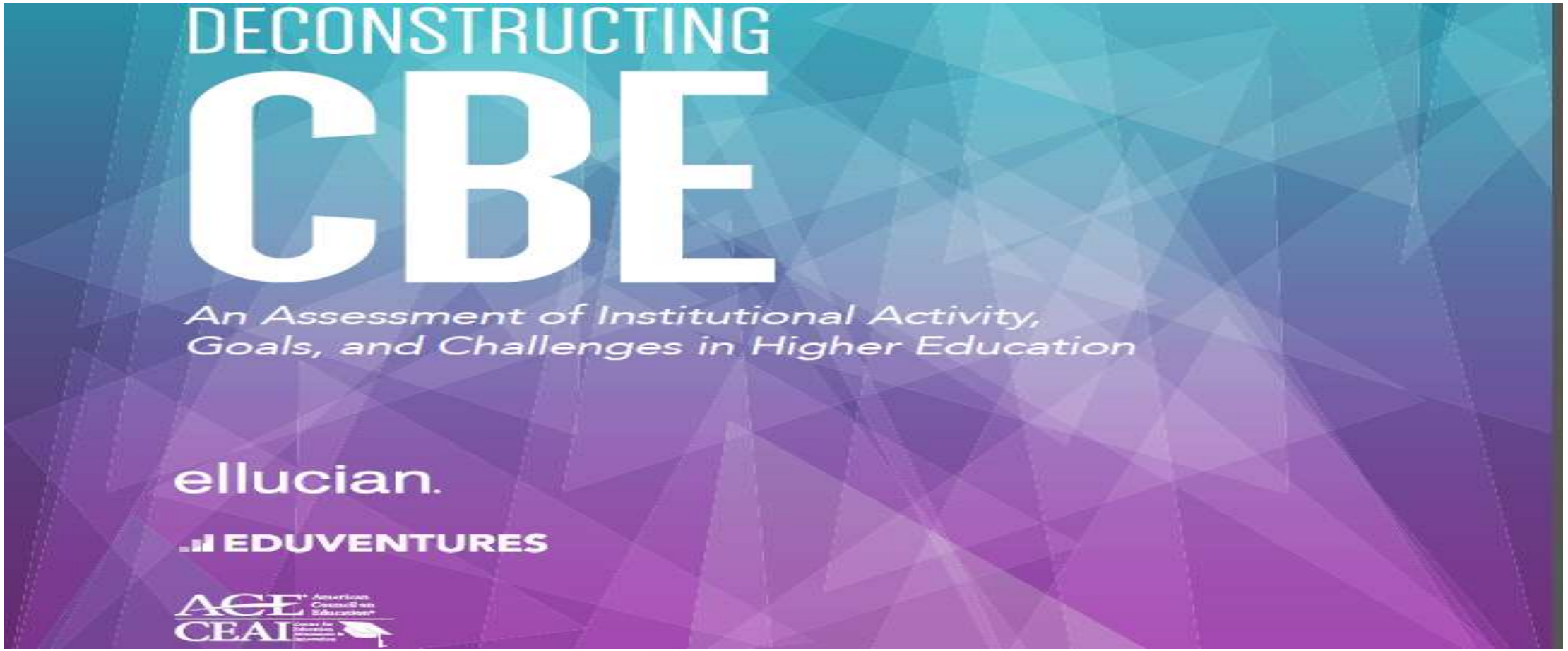
VI. DIFFERENT MODELS FOR TRAINING OF CPAs

VI. Different models for training of CPAs

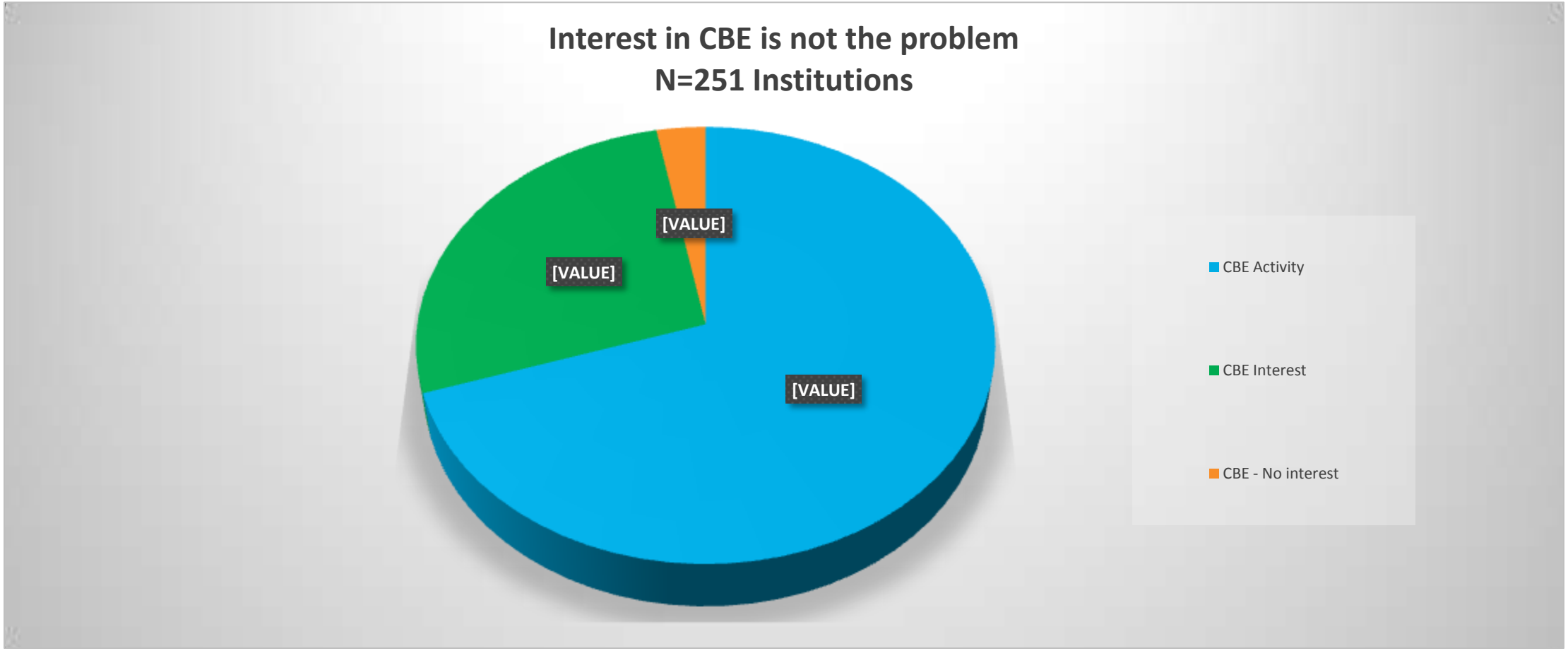


VII. COMPETENCY-BASED EDUCATION IN U.S. COLLEGES

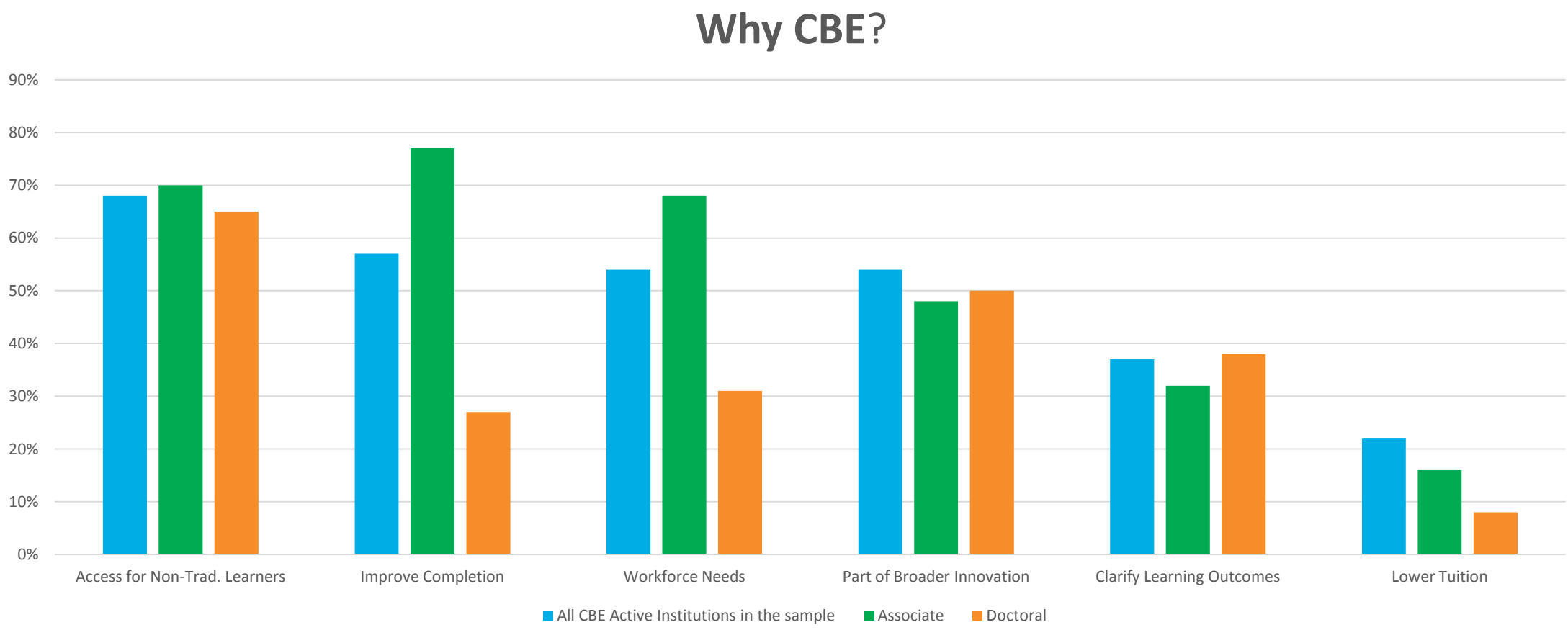
VII. Competency based education in U.S. Colleges



VII. Competency based education in U.S. Colleges

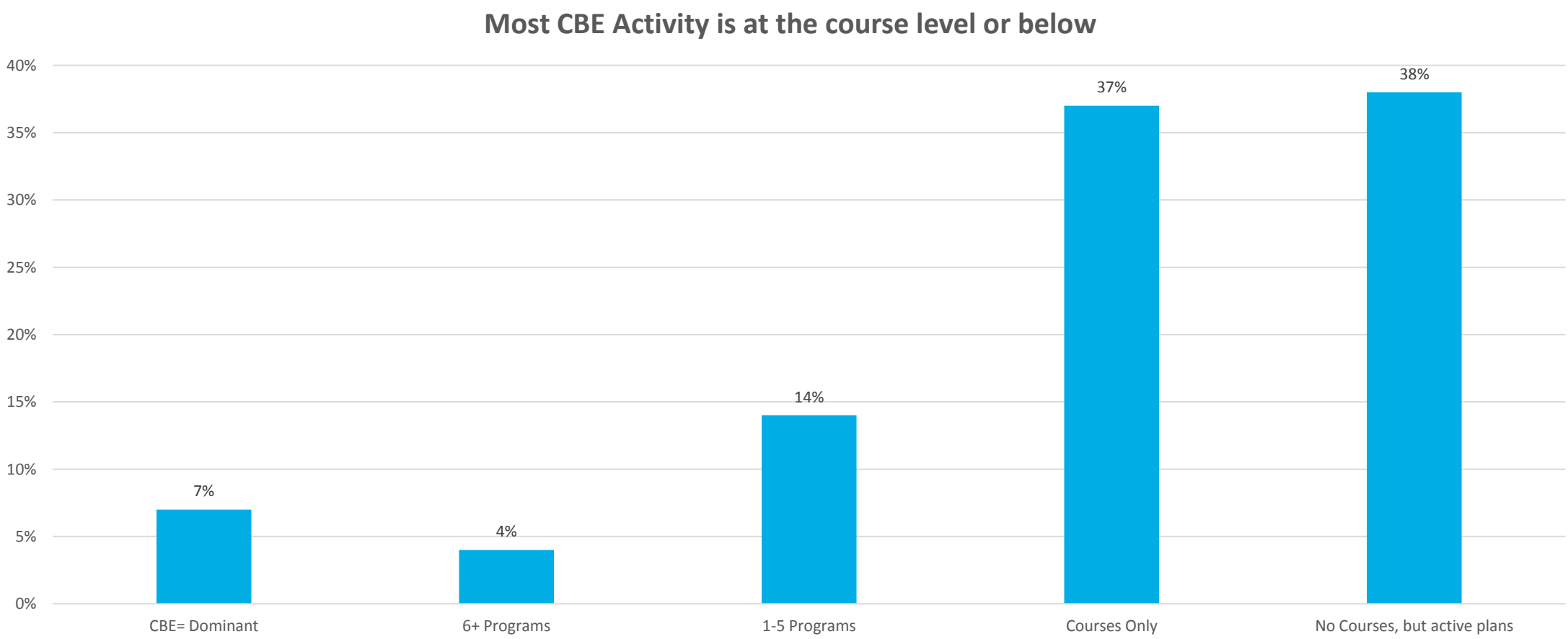


VII. Competency based education in U.S. Colleges

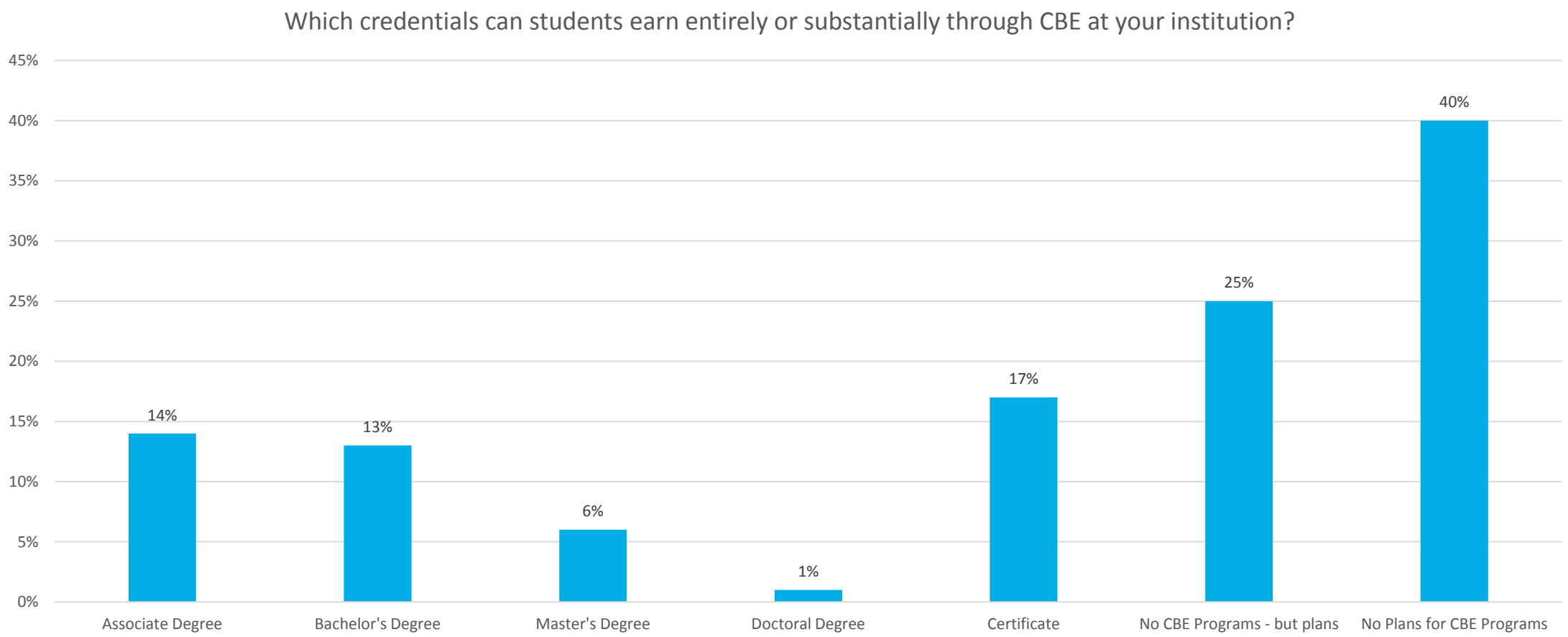


N= 175 Institutions, Associate 56, Doctoral 26

VII. Competency based education in U.S. Colleges



VII. Competency based education in U.S. Colleges: A diverse range of Programs and Courses

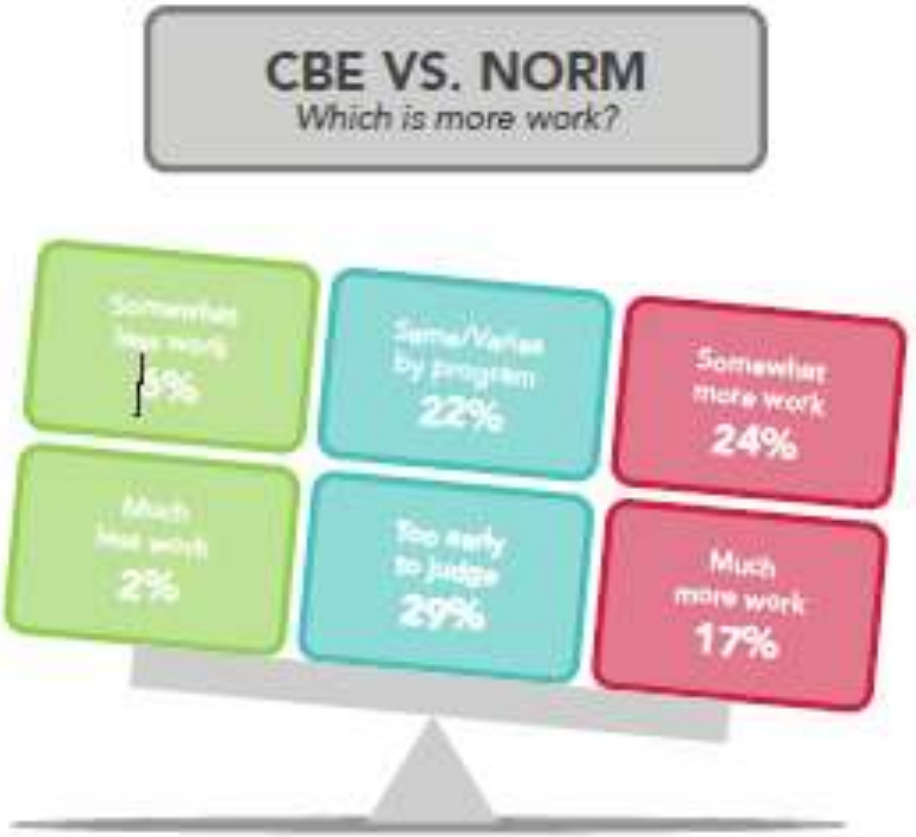


VII. Competency based education in U.S. Colleges

To what extent is your institution involved in the following types or features of CBE?						
Survey Responses (N=251)	ENTIRE INSTITUTION (well established)	INSTITUTION (early days)	DEPARTMENT (wll established)	DEPARTMENT (early days)	INTEREST (but no clear direction)	LITTLE OR NO Interest
Learning outcomes - program	46%	15%	21%	7%	10%	1%
Learning outcomes - course	47%	17%	19%	7%	9%	1%
Learning outcomes - sub-course	19%	12%	16%	14%	24%	16%
Direct assessment - no seat time	24%	12%	13%	11%	33%	8%
Maps competencies to credit	12%	8%	13%	11%	39%	17%
PLA - placement	13%	9%	19%	16%	32%	10%
PLA - personalization	5%	7%	12%	13%	44%	19%
PLA - for credit	20%	12%	14%	16%	26%	12%
Substantially self-paced courses	6%	5%	10%	12%	42%	24%
Substantially self-paced programs	6%	4%	6%	8%	41%	35%
Third party competency partners -course	11%	6%	16%	10%	39%	18%
Third party competency partners -program	12%	7%	16%	12%	37%	16%
Adaptive learning	4%	6%	8%	10%	52%	20%

VII. Competency based education in U.S. Colleges

Figure 16. CBE is Hard Work, but Does it Have to Be?
(N= 162 institutions that indicated some level of CBE activity)

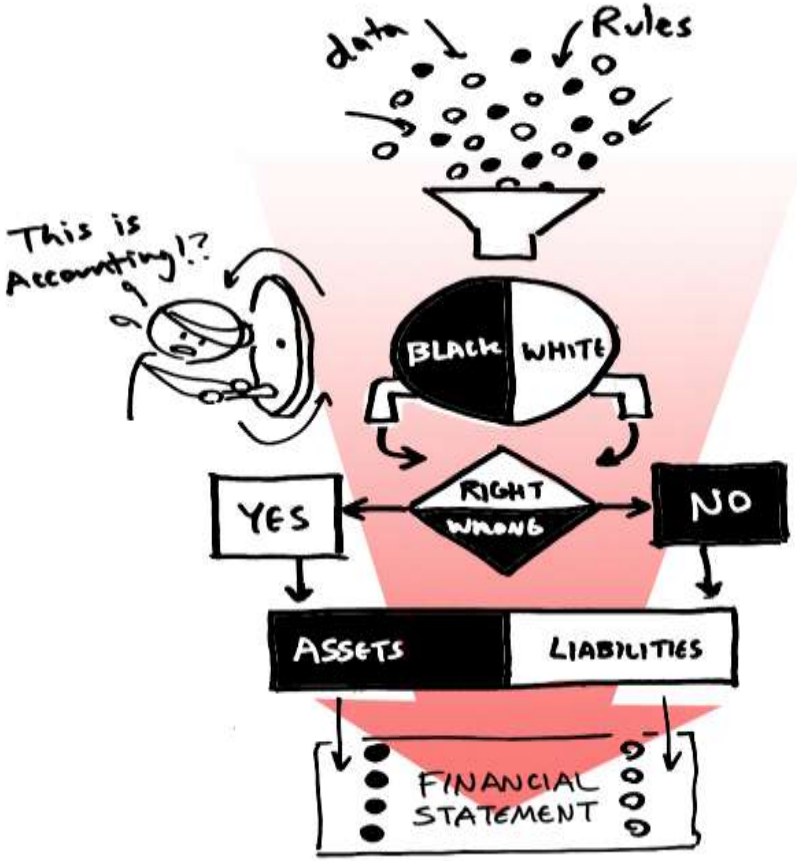


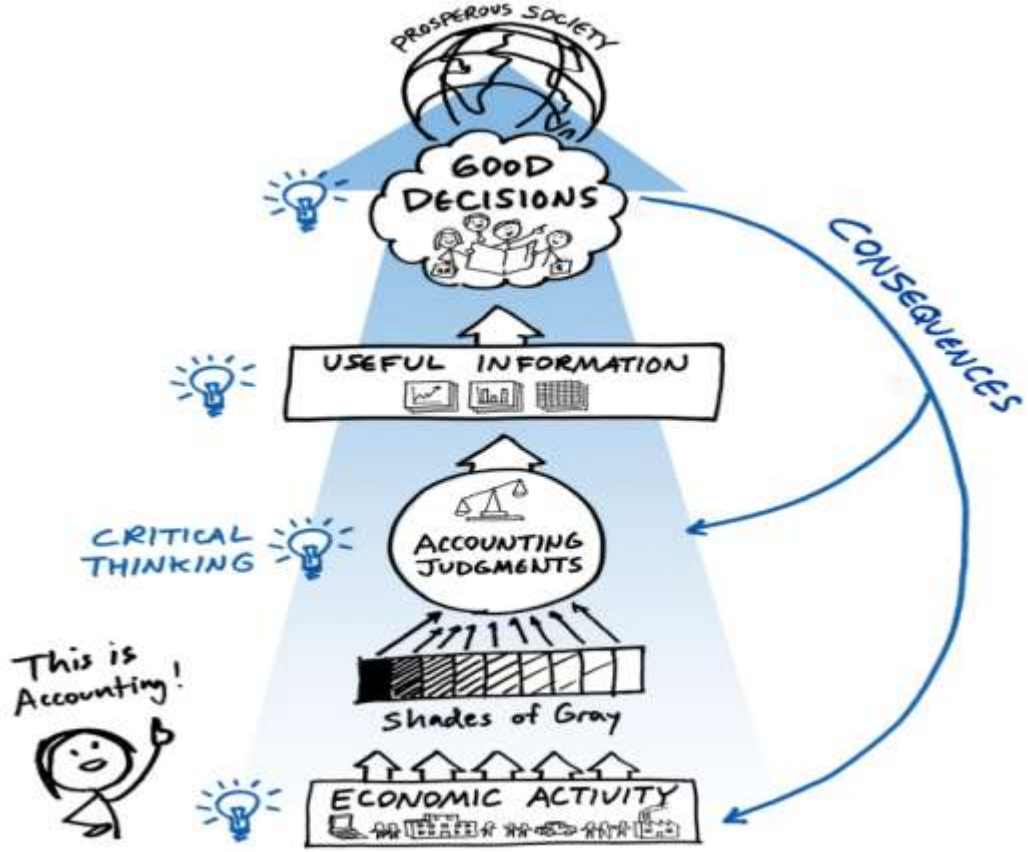
VIII. Traditional versus competency-based programs

	CLASSROOM / ONLINE	COMPETENCY BASED
Pace	Fixed for all	Student determined
Faculty : student ratio	1: to many	1:1
Learning path	Standard for all	Customized per student
Learning measurement	Time and grade	Demonstrated mastery
Curriculum design	Static	Continuous
Time	Constant	Variable
Orientation	Teacher-centered	Student-centered

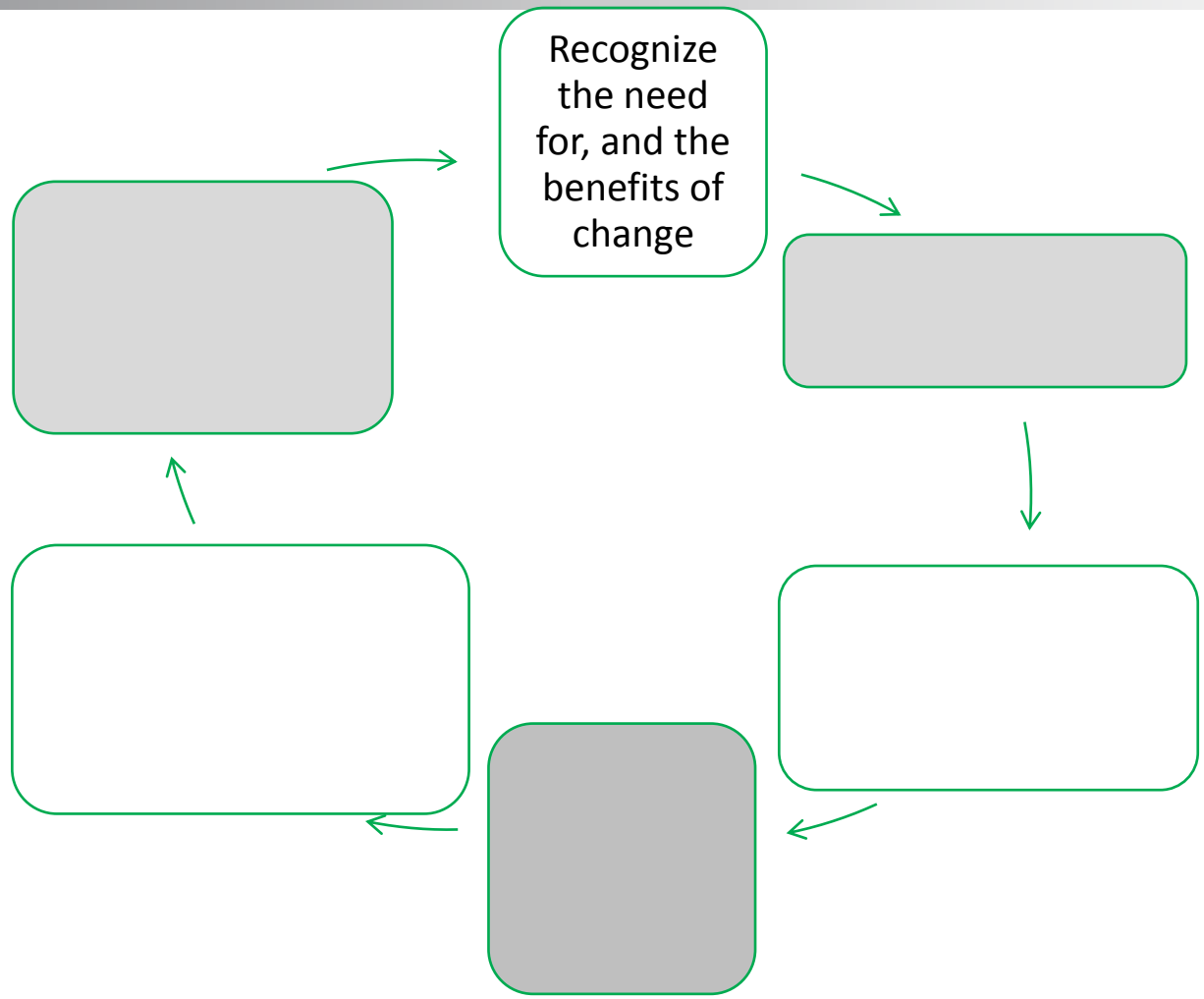
VIII. IMPLEMENTING COMPETENCY-BASED EDUCATION: BEST PRACTICES

VIII. Implementing Competency-based education: Best Practices

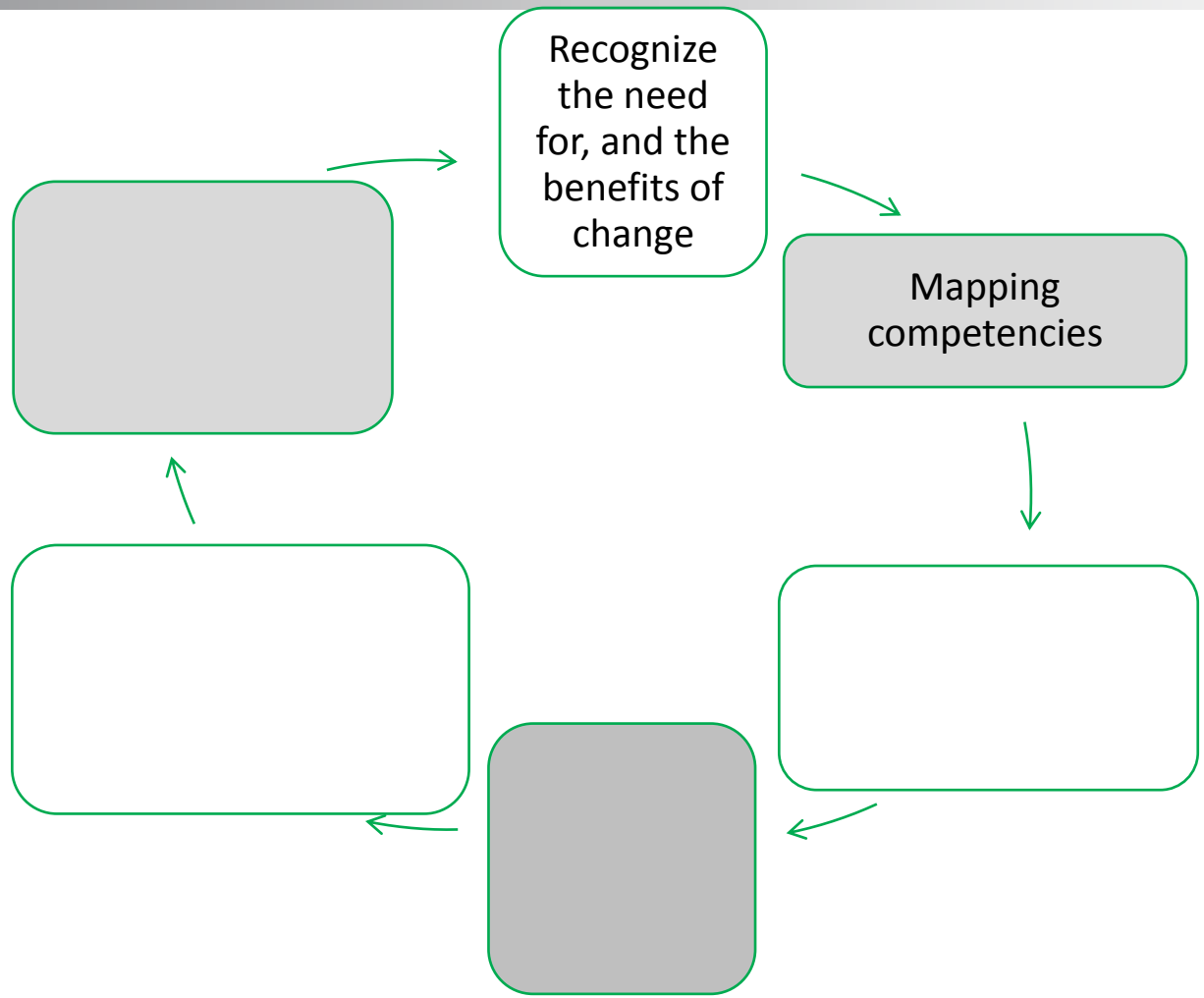




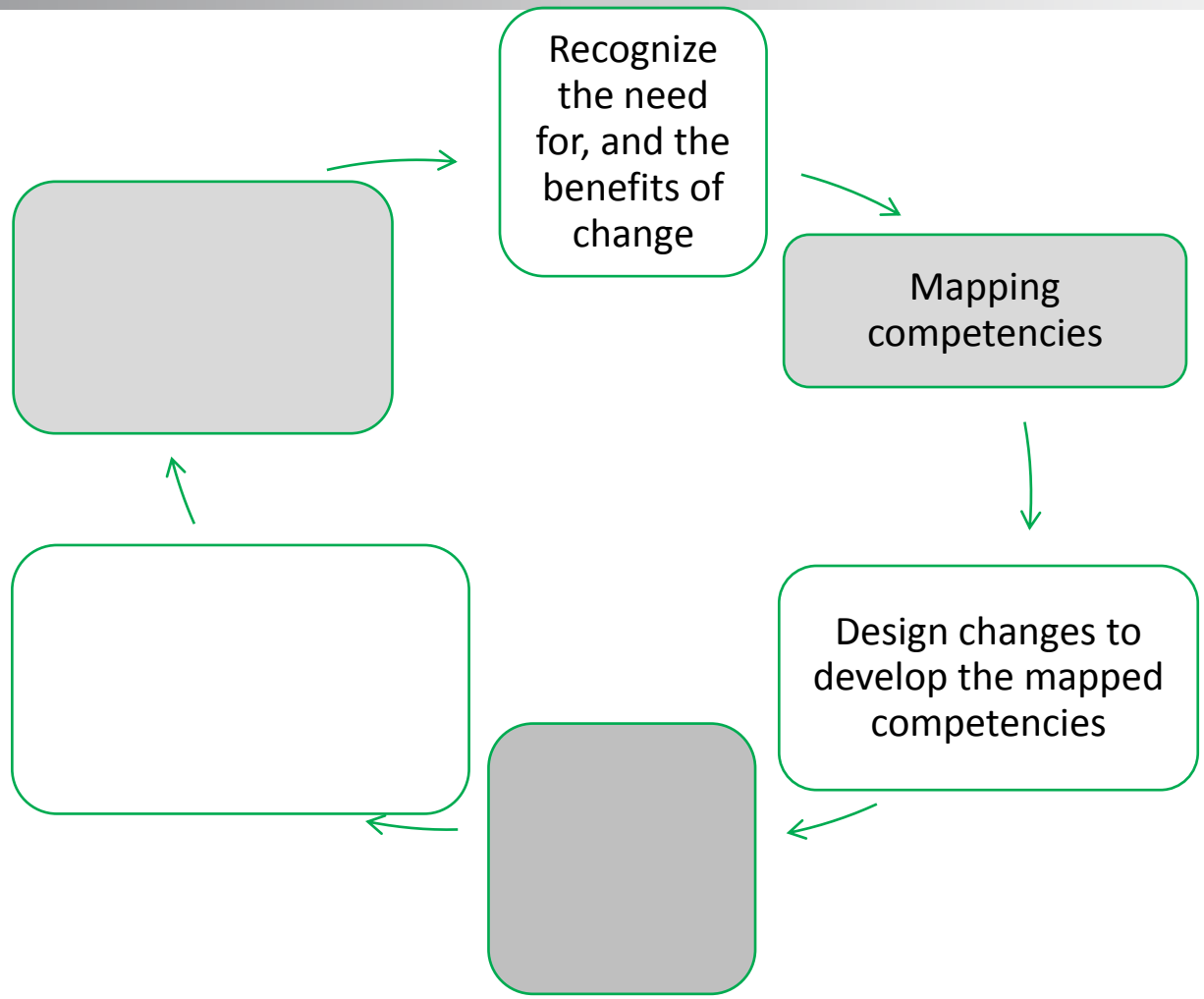
VIII. Implementing Competency-based education: Best Practices



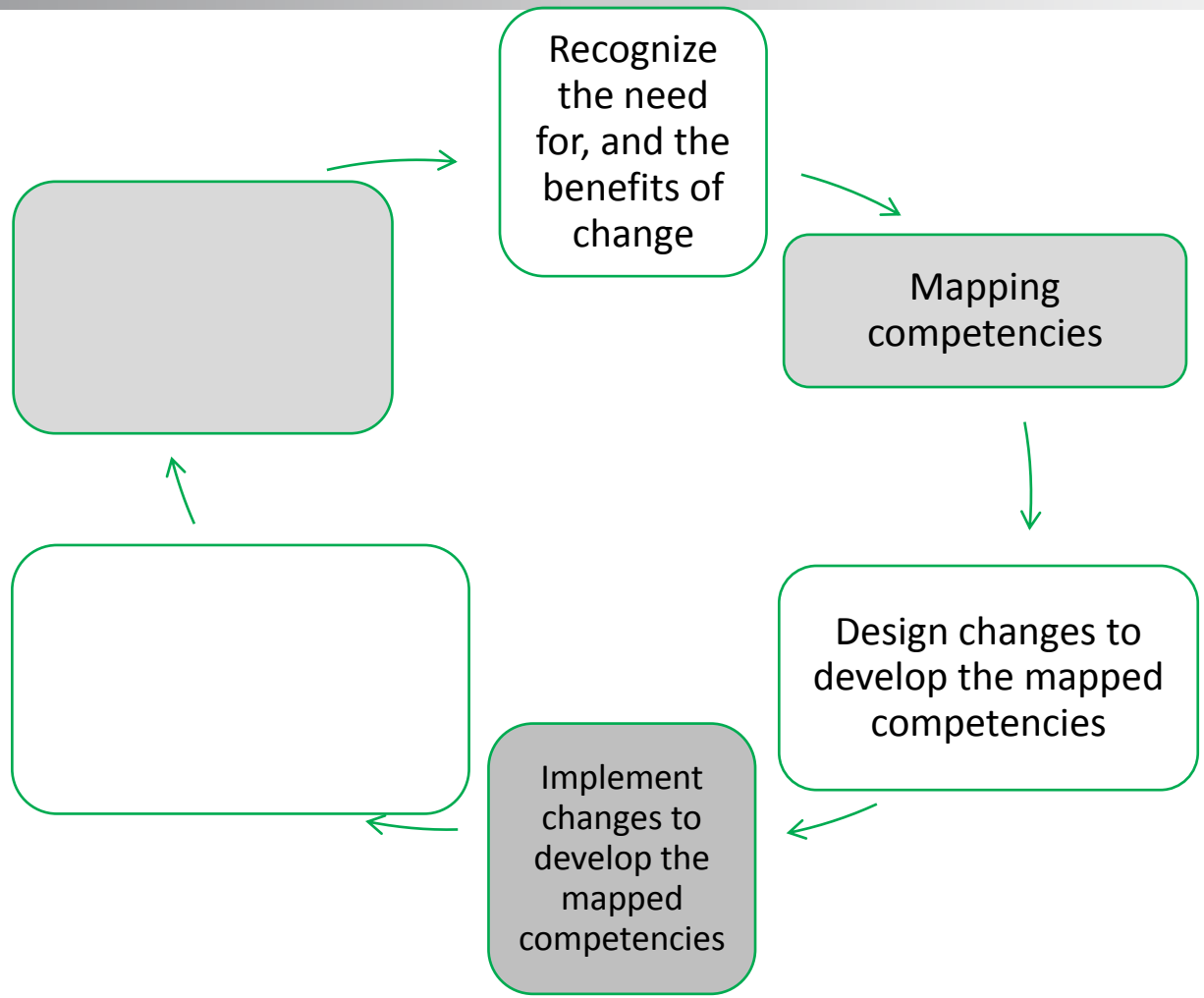
VIII. Implementing Competency-based education: Best Practices



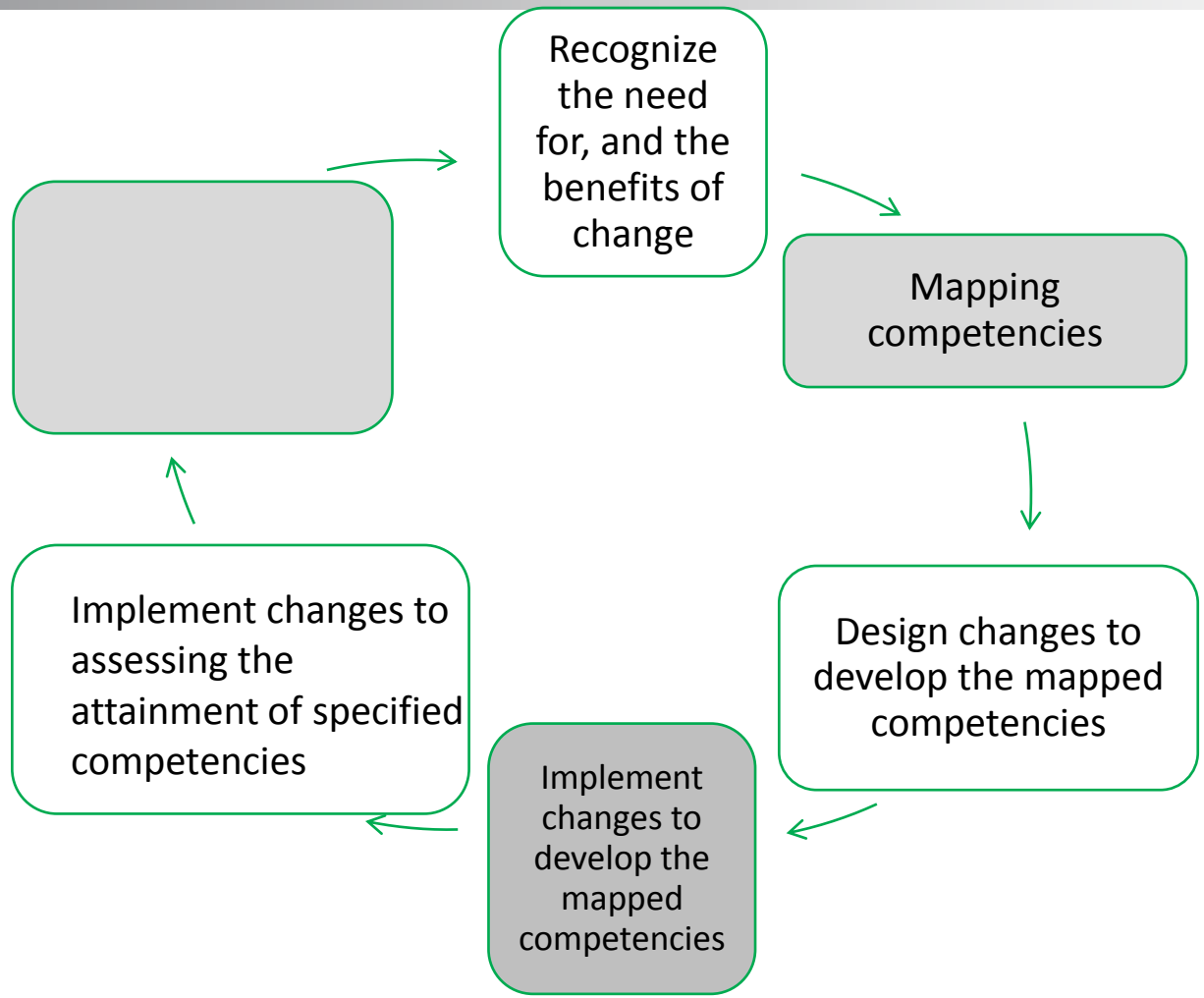
VIII. Implementing Competency-based education: Best Practices



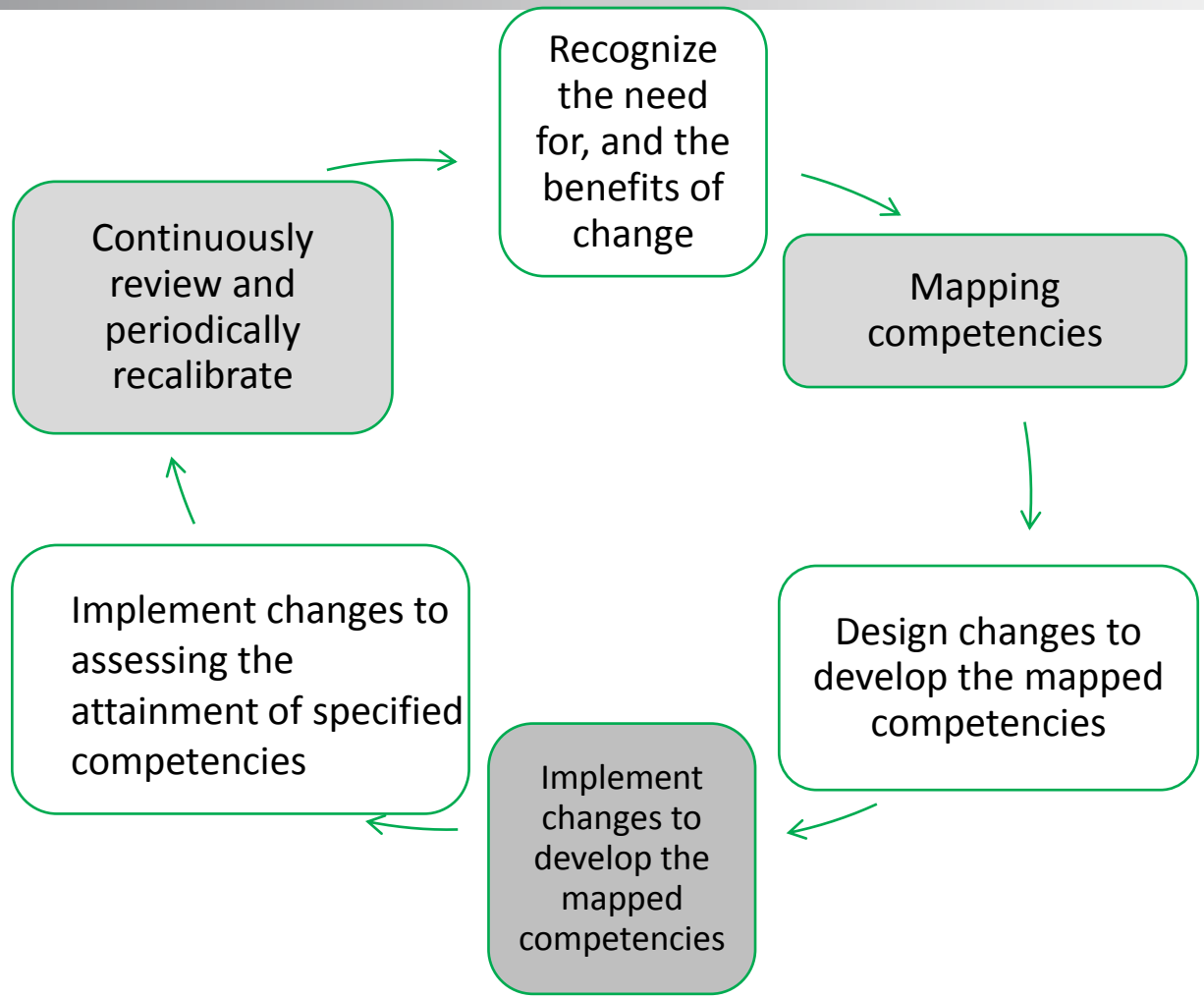
VIII. Implementing Competency-based education: Best Practices



VIII. Implementing Competency-based education: Best Practices



VIII. Implementing Competency-based education: Best Practices



Thank you