



## The impact of introductory accounting courses on student perceptions about the purpose of accounting information and the objectives of business: A comparison of the UK and Japan<sup>☆</sup>

David Collison<sup>a,\*</sup>, John Ferguson<sup>b</sup>, Yoshinao Kozuma<sup>c</sup>, David Power<sup>a</sup>, Lorna Stevenson<sup>a</sup>

<sup>a</sup> School of Business, University of Dundee, Scotland, UK

<sup>b</sup> Strathclyde Business School, University of Strathclyde, Scotland, UK

<sup>c</sup> Faculty of Economics, Sophia University, Tokyo, Japan

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### ABSTRACT

This paper is concerned with the impact of introductory financial accounting courses on student perceptions of business objectives. The paper reports the results of a questionnaire survey of UK and Japanese university students which investigated their views at the start and end of an introductory financial accounting module. The views of Japanese students, in comparison with those from the UK, are of particular interest given evidence in the literature that traditional “social market” traditions in Japan are being influenced by Anglo-American “stock market” values. Our results are consistent with such a phenomenon in that Japanese students’ values regarding business objectives show significant changes that are not mirrored by changes in the perceptions of their UK counterparts. We suggest that accounting education is acting as a conduit for views more commonly held in Anglo-American societies.

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## 1. Introduction

This paper is concerned with the impact of introductory financial accounting courses on students’ perceptions of business objectives and the relative importance of various stakeholders. Specifically, it considers students’ perceptions regarding the purpose of accounting and the objectives of business and whether these perceptions have changed after studying an introductory course in financial accounting. The motivation for this study arises out of findings from prior research which draw attention to the socialising effects of the accounting education process and how it inculcates students with values associated with an Anglo-American business culture (Collison, 2003; Everett, 2007; Frankfurter & McGoun, 1999; Ferguson, Collison, Power, & Stevenson, 2005; Ferguson, Collison, Power, & Stevenson, 2007; Gray, Bebbington, & McPhail, 1994; Neimark, 1995; Waddock, 2004, 2005). More specifically, it has been suggested that through the “guise of technical rationality”, accounting education masks a set of assumptions which serve powerful, sectional interests (McPhail & Gray, 1996, p. 27; see also, Boyce, 2008). For example, Waddock (2005, p. 146) argues that accounting education focuses “predominantly on maximizing shareholder wealth, [and] considers only *some* stakeholders and fails to educate managers and accounting professionals

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\* Corresponding author.

E-mail address: [d.j.collison@dundee.ac.uk](mailto:d.j.collison@dundee.ac.uk) (D. Collison).

about all of the consequences of their decisions". Similarly, Collison (2003, p. 861) highlights how the assumptions of Anglo-American capitalism underpin much of what is taught on accounting courses and that this is particularly apparent through the emphasis accorded to the interests of shareholders. He states:

"Attention to the interests of shareholders above all other groups is implicit in much of what is taught to accounting and finance students. The very construction of a profit and loss account. . . is a continual, and usually unstated, reminder that the interests of only one group of stakeholders should be maximized".

The current paper aims to add to the existing literature by reporting the results of a questionnaire survey of UK and Japanese university students about how their views change in the period during which they study an introductory financial accounting module. Of course a financial accounting module is only one of several courses which students will encounter in the first year of a business-oriented degree; their views will have developed due to a range of influences. Nevertheless the locus of this investigation is the first financial accounting course which was a common factor amongst those surveyed and which is generally a key introduction to the "language of business". The views of Japanese students, in comparison with those from the UK, are of particular interest given the traditional differences that have existed in the socio-economic traditions and business practices between the two countries (see, for example, Dore, 1986, 2000; Hutton, 1995; Learmount, 2002) and the changes that have occurred in Japan over the last decade or so (see Charkham & Ploix, 2005; Dore, 2006a; Yonekura, 2009).

For example, as Dore (1983, p. 470) points out, "The Japanese. . . have never really caught up with Adam Smith. They have never managed actually to bring themselves to *believe* in the invisible hand" (italics in original). By contrast Anglo-American economies promulgate self-interest as the key motivating principle underpinning human behaviour: reference is commonly made to Adam Smith's well-known assertion that, "It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest" (Smith, 1910/1776, p. 13). For the Japanese, however, this famous trio "*need* to be benevolent as well as self interested" (Dore, 1983, p. 470, emphasis in original); according to Dore: "benevolence is a duty. Full stop" (see also Sen, 1993). This is perhaps encapsulated by the pattern of relational trading in Japan, where there is a preference for inter-firm cooperation (known to "Japanese as grupu, and to foreigners, usually, as zaibatsu or keiretsu" (Dore, 1983, p. 467)) "as opposed to arms-length, purely contractual, trading relations" (Dore, 2002, p. 119). In many respects, this worldview is reflected in the traditional "job for life" employment system and the traditional emphasis given in Japanese companies to the interests of employees. As Hofstede (1983, p. 88) notes of the Japanese, "people are very willing to perform if they are offered security in exchange".

Drawing on these observations of traditional Japanese business culture, the extant literature tends to refer to Japan as having a "stakeholder" orientated approach to economic organisation, rather than a "shareholder" orientated approach (Donaldson & Preston, 1995; Turner, 2002). However, more recently, researchers have drawn attention to various socio-cultural factors which, they argue, have precipitated a demise in traditional Japanese business values. These issues will be explored further in the literature review section of the paper. The remainder of this paper is structured as follows: the following section discusses the relevant literature in this area while the next section outlines the method used in this research: a two-stage questionnaire was distributed to first year students at UK and Japanese university institutions. Specifically, the views of students at three UK and one Japanese institution were sought at the start and end of their first university financial accounting module. Students' perceptions about the purpose of accounting and the objectives of business were ascertained. The subsequent section describes the findings from the research. The results are analysed under three headings: namely, users of accounting information, the objectives of business, and normative perceptions of the objectives of business. The penultimate section provides a discussion of the findings while the final section outlines the limitations of the study.

## 2. Literature review

There exists a considerable literature which draws attention to the socialising effects of accounting education. In particular, such studies claim that accounting education is a form of indoctrination (Collison, 2003; Gray et al., 1994; Kelly & Pratt, 1994) and serves as a means of reproducing and sustaining an ideology (Chua, 1986; McPhail & Gray, 1996; Ferguson et al., 2005, 2007). The reason cited for such assertions is that accounting education tends to promote a particular worldview which draws unquestioningly on the values and assumptions of Anglo-American capitalism (Collison, 2003; Frankfurter & McGoun, 1999; Ferguson et al., 2005, 2007; Gray et al., 1994; Neimark, 1995; Waddock, 2004, 2005). For example, according to Gray et al. (1994, p. 62) accounting education serves an ideological role, inculcating students with the "rationalisations of neo-classical economics and especially the pursuit of self interest" (see also Collison, 2003; Kelly & Pratt, 1994; Puxty, Sikka, & Willmott, 1994; Sikka, Haslam, Agrizzi, & Kyriacou, 2007).<sup>1</sup> In this sense, it has been argued that accounting education reproduces and sustains the neo-classical assumption "that maximizing behavior by economic agents. . . [leads] to the max-

<sup>1</sup> Interestingly, Boyce (2008) suggests that, because of their prior life experience, accounting students readily acquiesce with such a worldview. He states, "it is likely that prior education and self-selection means that accounting students will tend to align their thinking more with economic roles as shareholders/investors, managers, or entrepreneurs, rather than with social roles as citizens, family members, customers, social group members, and workers" (Boyce, 2008, p. 263).

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