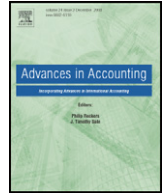


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Effects of exposure to the International Education Standards on perceived importance of the global harmonization of accounting education among Japanese accounting academics

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ABSTRACT

This exploratory study empirically examines the degree to which the Japanese accounting academics is exposed to the IESs and explores their perception of the importance of global harmonization in accounting education in terms of ensuring quality global control of the accounting profession. Responses from 76 questionnaires found that accounting staff, particularly in the post graduate Accounting Schools, have a basic understanding of the IESs and view this global harmonization as favorable whereas staff who teach at undergraduate level or at ordinal postgraduate level in tertiary schools have a much lower understanding and perception. This is of concern to the accounting profession as it is in these undergraduate schools and ordinal postgraduate schools from where the majority of successful CPA examinees graduate each year. The findings also indicated that the IESs can be effectively used as a benchmarking tool within the Japanese accounting academics.

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1. Introduction

In December 2009, the International Accounting Education Standards Board (IAESB) publicly released the amended “Framework for International Education Standards for Professional Accountants” (Framework). The primary purpose of this revised Framework was to update the International Education Standards (IESs) for Professional Accountants. These standards were originally prepared and released by the International Federation of Accountants (IFAC) in 2003 and they were taken over by the IAESB in 2008. The desired IESs outcomes of this new Framework were to (1) increase the global mobility for accountants and (2) reduce international differences in the requirements of becoming a professional accountant together with his/her ongoing professional development (IAESB, 2009).

Against this latest IESs exposure it has been noted that significant gaps exist between the IESs and the actual development of education programs across a number of countries. To address this concern, Karreman, Ahern, Kuijl, Marrian (2007) investigated the outcomes of accounting education programs that 32 professional accounting and auditing bodies from around the world had instigated in the previous five years and their perceptions for the ensuing five years. The collected

data was analyzed in terms of initial education, training and assessment procedures, and the mandatory continuing professional development for each country's members. With the survey results based on educational standards and other issues from each country, the authors found limited influence of the IESs with regard to the development of pre-and post-qualification programs. According to the results, direct linkages only appeared, on average, in four out of the eight standards.

The vexing question arises as to why these gaps exist. One possible reason may be that IESs have failed to involve a wider range of important stakeholders who would normally be expected to have a strong influence on the development of global accounting education. That is, the 2003 IESs and the 2009 Framework limited its target audience to IFAC bodies and their respective members (IAESB, 2009; IFAC, 2003). In such circumstances the IESs and Framework will only become effective, if, at the pre-qualification stage of accounting education, the accounting professional body/ies have a strong association and engagement with the actual accounting curriculum in tertiary institutions. This is the case in Australia for instance where accounting courses in selected universities and colleges receive accreditation by professional accounting bodies such as CPA Australia and the Institute of Chartered Accountants in Australia (Mathews, 2004). Under this scheme, potential entrants to the accounting profession are required to complete an accredited bachelor's degree, which has been endorsed by the relevant professional body. Compared to Australia, professional bodies in some other countries have little direct influence in this process of assisting curriculum development in tertiary accounting education. In the USA, the American Institute of Certified Public Accountants (AICPA), as a

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member body of IFAC is the enforcement agency that promotes the IESs, but has little or no control in curriculum design or examination certification in tertiary institutions (Needles, 2008).

Similar to the situation in the USA, the Japanese Institute of Certified Public Accountants (JICPA), which is the domestic professional body of IFAC in Japan, has weak links with the educational community. Of particular concern in Japan is at the pre-qualification stage, when the CPA Law allows any school leaver or other non-graduate to apply for CPA membership. It is here that potential CPA candidates are allowed to sit for a CPA examination regardless of any prior accounting education. Accordingly neither the JICPA nor its members have little opportunity to incorporate the essential elements of the IESs into the pre-qualification stage of accounting education in Japan.

In 2003, new professional postgraduate schools, commonly known as Accounting Schools, were established in Japan in order to attract potential CPA candidates. These institutions, originating from the Certified Public Accountant Law (CPA Law) Amendment in 2003, were designed to integrate IESs with the domestic accounting educational structures (FSC, 2002, 2003). They were intended to reflect and incorporate IESs into the country's national education structure. However, statistical data in 2008 has indicated that potential CPA examinees studying within these postgraduate Accounting Schools consisted of only 155 current students or graduates (4.27%) from a total of 3,625 students. This data also reflected the fact that the majority of successful CPA examinees were either current undergraduate students or recent graduates from an undergraduate degree only (3,133; 86.42%) (CPAAOB, 2008). The latter were mainly holders of a business or accounting related undergraduate degree. It should also be pointed out that individual lecturers and/or curriculum designers in these tertiary schools have certain autonomous discretion on whether or not they wish to reflect the spirit of IESs into their curriculum and specific course content.

In theory, the Framework prescribes that the primary target audience should be IFAC bodies and its members, but technically it encourages a wider range of other stakeholders including consumers, regulators and providers of accounting education to get involved in the IESs (IAESB, 2009). With the results of an online survey administered by the IAESB in 2008 (IAESB, 2008a), the Framework avoids directly targeting these other stakeholders but rather only encourages them to understand the workings of the IAESB (IAESB, 2009). As stated above, a strong call has been made for the accounting academics to be included as a primary interest group to enable the successful introduction of the IESs but in reality this has not occurred.

Increasingly there has been a strong public interest in adopting the International Financial Reporting Standards (IFRS) in Japan. Simultaneously, accounting academics have openly discussed the importance of, and the necessity for, the global harmonization of accounting education. In support of this trend, the Japanese Association of Accounting Education and Research (JAAER) was established in February 2009 to address accounting education issues including the global convergence relating to the IESs. However, it is not clear if Japanese accounting academics are familiar with the IESs, or whether they have a favorable perception of the international harmonization of accounting education that has been introduced through the IESs.

Given the above background, the main purpose of this study is twofold. Firstly it investigates to what degree the Japanese accounting academics are exposed to the IESs and secondly it explores their perceptions of the importance of global harmonization in accounting education to ensure quality global control of the accounting profession. In addition, this study also attempts to identify the role that certain attributes may have in contributing to the academics' perception of the global harmonization of accounting education. Following this introduction the next section reviews previous studies in order to develop the research hypotheses. This is then followed by the questionnaire development and data collection in the research methodology section. The results of the empirical research are then analyzed and interpreted.

The paper concludes with discussions of the findings, together with implications and limitations.

2. Literature review

Previous research has focused on one's perception toward accounting in relation to the increasing globalization of business. This line of research has attempted to identify a variety of perceptions relating to the implementation of international accounting including how accounting standards should be harmonized (e.g. Huang & Mintz, 1992; Mintz, 1980; Sherman, 1987), how accounting faculties can be motivated (e.g. Adhikari, Flanigan, & Tondkar, 1999; Cohen, Pant, & Sharp, 1991) and what should be taught in the classrooms (e.g. Ashcroft, Chevis, & Smith, 2008; O'Connor, Rapaccioli, & Williams, 1996; Sands & Pragasam, 1997; Smith & Salter, 1996). More recently, Ashcroft et al. (2008) investigated the perceived importance of various international accounting issues that had been studied by accounting researchers from around the globe. With a questionnaire based survey distributed to worldwide American Accounting Association (AAA) members, the results revealed a basic overall agreement in favor of the highest-ranked issue, i.e. accounting convergence, between US and non-US respondents. Joshi, Bremser, and Al-Ajmi (2008) also endeavored to explore perceptions of convergence issues in the context of the International Financial Reporting Standards (IFRSs). This study examined the perceptions relating to the implementation of a single set of global accounting standards among accounting and auditing professionals in Bahrain. Given a questionnaire-based survey, the authors found that the convergence of accounting standards by the IFRSs was viewed as a worthwhile objective that can be fairly, but gradually accomplished. Although this prior study dealt with accounting professionals rather than the accounting academics, the results successfully indicated individuals' perceptions on convergence issues from another perspective.

Compared with these previous studies, little research has been completed to date that highlights global convergence issues relating to accounting education. Among this limited literature, was a study by Parmod, Cummings, and Patel (2009) that examined the effects of national culture and education on the judgments of tertiary accounting students. Using data collected from undergraduate accounting students of either Australian or Chinese descent, the study attempted to identify whether this cultural dichotomy influenced the interpretation and application of uncertainty expressions that are used as recognition and disclosure thresholds within IFRSs. The outcomes of the study are very important as significant differences in the judgment of accounting students could have serious implications on the future convergence of accounting standards. It demonstrated that despite where students study, national culture has a significant impact on the judgments of accounting students when they interpret and apply selected IFRSs that contain uncertainty expressions. The results from this study also imply that IFRSs adoption will depend on cultural traits of students whose judgment is also highly influenced by the IESs.

In terms of international accounting education, Zajkowski, Sampson, and Davis (2007) attempted to ascertain how accounting academics in Australia and New Zealand perceive the continuing program development (CPD), with which all professional body members are required to comply with under the IESs. The academics who participated in this study were asked their annual number of CPD hours together with the type of activities they undertook and their views on the benefit of undertaking such CPD. The findings focused on respondents' views on how they perceived CPD as a benefit tool for teaching practice. In contrast to these prior studies, it is not clear if and to what extent the Japanese accounting academics agree with the global harmonization of accounting education in the context of assuring a high quality competent profession. To date no study has been conducted in Japan that directly addresses the perceptions of the accounting academics in terms of the international harmonization of accounting education.

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