

The Agreement Process for Implementing the International Education Standards for Professional Accountant among Japanese Accounting Academics: A Grounded Theory Approach

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Abstract

The major purpose of this paper is to research the process on how Japanese accounting academics agree with the incorporation into their curriculum of the International Educational Standards for Professional Accountants (IES) which are aimed at achieving global convergence of accounting education. In addition, the paper also investigates whether these processes are driven by issues and events occurring in the real world environment. This study applies a grounded theory approach aimed at generating a theory that would explain which drivers these Japanese academics perceive as influencing their agreement to IES implementation.

The findings of this study indicate that accounting academics in Japan have not yet reached consensus on the successful integration of the IES into the domestic accounting education system, especially at the undergraduate level. They were, however, more agreeable to accept the implementation of the IES into the Accounting Schools. As a beneficial outcome some suggestions for successfully incorporating the IES into undergraduate programs were found in this research. Firstly, a restructuring to a higher quality accounting education system was necessary which would recover the perception of trust among academics themselves. Secondly, the principle-based approach of the IES should be more clearly defined and communicated by the International Accounting Education Standards Board (IAESB) to the Japanese academics. Finally, interest in accounting education and its underpinning scholarly research by academics in Japan must be encouraged in order to overcome the barriers for a smooth implementation of the IES.

Introduction

The primary purpose of this research is to investigate the process on how Japanese accounting academics reach agreement on whether or not to follow the International Educational Standards for Professional Accountants (IES) in order to achieve global convergence of accounting education. To complement this primary purpose, the research also investigates whether these processes are driven by issues and/or events occurring in the work place environment.

Over the past decade, the International Accounting Educational Standard Board (IAESB) has been leading a global initiative to implement the international convergence of accounting education for professional accountants (IFAC, 2010). One of the IAESB's goals is to reduce the gap in standards that has occurred across nations in accounting education practices both on and off campus. The aim of IEASB in doing this is to ensure a worldwide high quality professional accounting service. The IAESB, which is supported by the International Federation of Accountants (IFAC) that comprises 164 members and associates across 125 countries has taken the role of independent standard setter for the IES (IFAC, 2010). The IES comprises eight standards in addition to some practice guidance and general information papers.

The IAESB emphasizes the usefulness of the IES in narrowing the gaps in education that have occurred across nations (e.g. Allison, 2007; Parker 2007). For example, the former president of IAESB Mark Allison argued in his 2007 article that accountancy was essentially a vocational subject governed by a board and a deep body of associated knowledge, but he pointed out that the flexibility with which trainee accountants or academics covered accounting material was very problematic. Being so flexible resulted in a wide gap between the professional knowledge, skills, values, ethics and attitudes required for the training of professional accountants in different countries and/or between

the members of different accounting professional bodies. Allison (2007) suggested in the conclusion of his paper that the IESs would certainly assist in reducing this gap.

Nevertheless, prior literature discussing these IES's issues is indeed rare. Some international accounting papers however have addressed educators' perceptions on the global convergence of financial accounting standards (e.g. Crawford et al., 2010; Smith and Bergen, 2009; Wilson et al., 2009). In their recent study Crawford et al. (2010) carried out a questionnaire-based survey that gathered evidence on the extent to which accounting education incorporates the IES's requirements in universities and accounting firms across several countries. This research found an extant gap in what academics and practitioners believe the role that universities have in teaching the pronouncements of IES2, 3 and 4. However, Crawford et al. (2010) simply investigated educational programs response to the IES requirements, and did not really address the degree to which each participant was aware of these standards. It is interesting to note that no study in the literature has been administered to examine how academics identify and address the issue of global convergence of accounting education.

Given such background, this study investigates the processes involved in reaching IES agreement among accounting academics in Japan. A grounded theory approach (Strauss & Corbin, 1998) was applied for this research to generate a theory from the data obtained. Such a research approach is deemed suitable because there is no related theory in the existing literature addressing this issue.

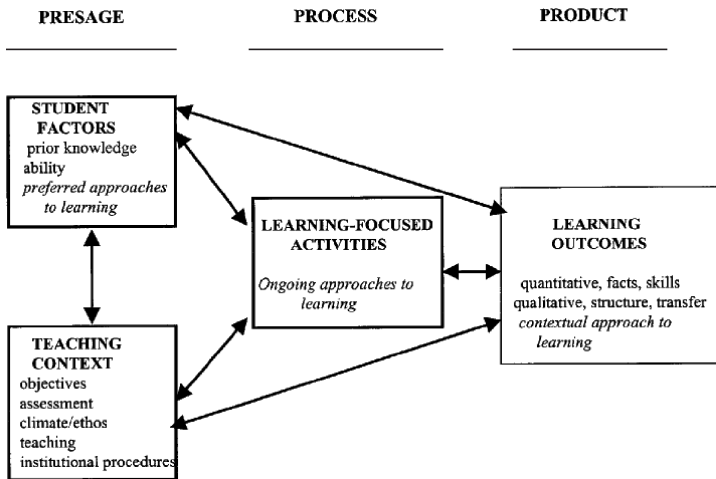
The Grounded Theory Approach was also chosen in order to not only develop a theory from the selected data but also to apply this developed theory to two theories existing outside accounting: firstly Bigg's "3P" model and secondly Welch and Wong's global pressure theory. The following section presents these two theoretical frameworks. This paper then proceeds with a section outlining

the research method used and a report on the findings. Limitations of the study will then be discussed concluding with some implications that could assist future studies in this field.

Theoretical Framework

Incorporated into this current study are two theoretical frameworks that were employed in an attempt to understand how academics’ opinions are developed in relation to the IES. The first framework used is that of Biggs’s (1987; 1993) known as the “Presage-Process-Product (3P) Model”. In this model students’ approaches to learning are thought to be part of the total system in which an educational event occurs. In such a system student factors; teaching contexts; on-task approaches to learning and the learning outcomes mutually interact with each other forming a dynamic system (Figure 1) (Biggs, et al., 2001). The IES is a set of educational standards that prescribe various attributes at the “Presage” stage in an attempt to perform similar learning outcomes for

Figure 1: Biggs’s (1987; 1993) “3P” model of teaching and Learning



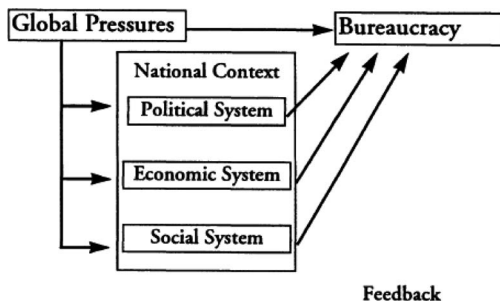
Source Biggs et al. (2001, p. 136)

professional accountants regardless of which country they were educated in. So this research used the 3P model to assist in developing a grounded theory especially from the teaching and learning point of view.

The second framework applied in this study was that of Welch and Wong's (1998) Global Pressure Model (Figure 2). This model represents the global pressures that could exist and influence different bureaucracies. According to the model, the global system not only acts directly on bureaucracies but also works indirectly through the "filtering" of national political, economic and social systems (Welch and Wong, 1998). Since the integration of the IES within a country is expected to cause various pressures on related issues, it is essential to investigate any such influential factors existing that could impact on the smooth introduction of the IES to the country concerned.

So the Global Pressure Model assists researchers in developing a theory that relates to the global issue in accounting education through the process of grounding the collected data. Welch and Wong (1998) illustrated the pressure of global institutions as the most visible and tangible of all global pressures. They defined it as the pressure exerted by a formalized institution with a global jurisdiction that has authority and power over individual countries in a given policy area. Accordingly, the IAESB, which is the standard setting body for the

Figure 2: Welch and Wong's (1998) Global Pressure Model



Source: Welch and Wong (1998, p. 42)

IES's, can be included in this definition of formalized institution.

Method

Grounded Theory Approach

This study applied a grounded theory (GT) approach to generate a theory that would explain and illustrate the drivers Japanese academics perceive as important and would affect their implementation of the International Accounting Standards. The GT approach is defined as one of the research strategies to generate a theory, which systematically employs data gathering and analyses through the research process of constant comparison procedures (Strauss and Corbin, 1998). Iterative and recursive coding induces a set of categories along with plausible relationships among the categories. Such categories/concepts and relationships provide the framework for the theory grounded in the experiences of the research participants (Bryman, 2008).

Participants

Data was collected from telephone interviews with Japanese academics who were involved in teaching topics related to financial accounting at the tertiary schools in Japan. Participants were initially recruited through email, personal contact or by referrals. Interviews consisted of five open-ended questions. Table 1 shows the demographics of participants in this study. All interviews took place using Skype[®] with a webcam camera, which allowed researchers to conduct virtual face-to-face interviews. The interviewees remained in their offices, while the researcher interviewed participants from his home office. All interviews were audio taped with the permission of the participants and later transcriptions were created so analyses of the text data could take place.

The first interview set was conducted for the purpose of initial purposeful sampling. At this stage, data was collected from four interviewees whose

Table 1: Demographic information for the research participants

Sample	Gender	Age	Affiliation Type	Position	Interview Type	Date	Duration	Sampling Type	Number of Code
S1	Male	30–40	Private/Undergrad	Associate Professor	By Skype [Ⓞ]	July 2011	26 mins	Initial Sampling	42
S2	Female	40–50	Public/Undergrad	Associate Professor	By Skype [Ⓞ]	Aug 2011	30 mins	Initial Sampling	71
S3	Male	40–50	Private/AS	Professor	By Skype [Ⓞ]	Aug 2011	48 mins	Initial Sampling	70
S4	Male	50–60	Private/Undergrad	Professor	By Skype [Ⓞ]	Aug 2011	43 mins	Initial Sampling	60
S5	Male	50–60	Private/Undergrad	Professor	By Skype [Ⓞ]	Aug 2011	39 mins	Theoretical Sampling	111
S6	Male	50–60	Private/AS	Professor	By Skype [Ⓞ]	Sep 2011	36 mins	Theoretical Sampling	61
S7	Male	40–50	Public/Undergrad	Associate Professor	By Skype [Ⓞ]	Oct 2011	25 mins	Theoretical Sampling	38
S8	Male	50–60	Private/AS	Professor	By Skype [Ⓞ]	Oct 2011	45 mins	Theoretical Sampling	57

AS: Accounting School

demographics covered all attributes in terms of an affiliation type, position, age and gender. The pre-defined criterion of these participants were Japanese academics who teach and research financial accounting. The purpose of this sampling was to find research participants who could best answer the research questions. The open-ended questions were as follows:

- 1) What do you know about the IES?
- 2) What do you think about the idea of IES?
- 3) Do you agree with the idea of IES and why?
- 4) What are the major benefits for the use of IES in accounting education?
- 5) What major challenges do you perceive in order to achieve satisfactory IES convergence?

Theoretical sampling was conducted using the second set of four recruited participants in order to achieve the representativeness and consistency of concept (Corbin and Strauss, 1990)(See Table 1). In grounded theory, the aim is not to generalize findings to a broader population, but to reach out to the representativeness and consistency of concepts (Corbin and Strauss, 1990). Thus, this sampling provided direction for the next stage of data collection in the process of concurrent analysis that continues cyclically until categories are saturated (Birks and Mills, 2011).

Data Analysis

Data analysis was carried out in a three-stage coding process, as outlined by Strauss and Corbin (1998). Firstly, the researcher of this study applied the open coding process, where events and actions in the data were labeled and constantly compared with each other to decide which were associated or belonged together. Interview transcriptions were analysed line by line to extract key words and phrases representing seminal events and actions. Initially this analysis, obtained 510 open codes (See examples of open codes in Table 2, 3, 4, 5 and 6). The next step involved what is known as axial coding where data are united by making connections to form categories and concepts. In this process, categories and concepts are linked together in a logical structure (Strauss and Cobin, 1998). To construct the association, categories and concepts required properties, which defined their characteristics. Further, each property was also considered in terms of their dimensions. Properties and their dimensions were identified from open codes to construct logical structures between (or within) categories and concepts. Working these group codes into categories sometimes required collapsing a number of earlier categories into sub-categories.

The final process of analyses was selective coding. This involved selecting the core categories and organizing them around a central explanatory concept.

This process eventually led to the development of a grounded theory.

Findings

The aim of this paper was to generate a theory which could explain the process of agreement with the IES in terms of achieving global convergence of accounting education by Japanese accounting academics. Figure 3 demonstrates a graphical diagram of this theory. In this study the core category developed from the data was *Process of agreement of IES*. This core category also involved two influential categories; the Teaching and Learning of Accounting at University and the Global Pressure on Converging Accounting Education. Sensitivity to these categories was developed in response to the researchers' familiarity with Biggs's (1987; 1993) 3P Model and Welch and Wong's (1998) Global Pressure Model. The emerging grounded theory was resulted after independently comparing both the 3P and Global Pressure models.

Category 1- Teaching and Learning Accounting Education at University

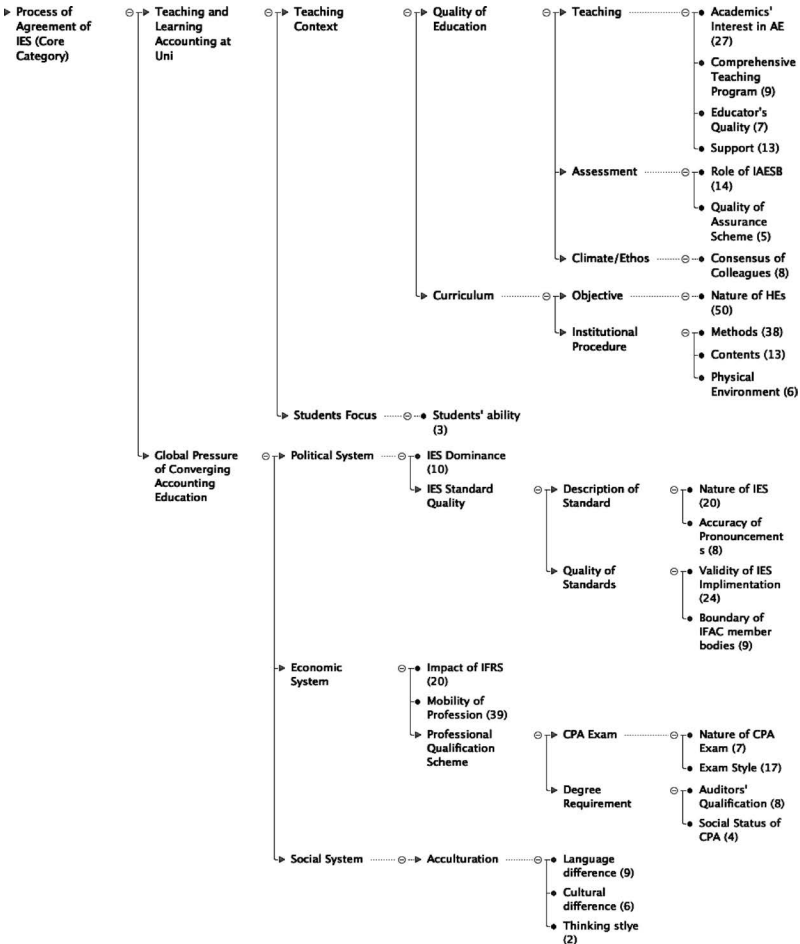
Category Overview

This category describes several key drivers that were observed in accounting education at the University level. Analyses revealed that the reason why participants had issues with the topics was not because they opposed the smooth implementation of IES integration but rather they tried to seek a workable process to achieve this purpose. Data from our participants indicated two possible solutions:

- 1) Integrate the IES into the curriculum at the Accounting Schools,
- 2) Integrate the IES into the curriculum at both the Accounting Schools and the undergraduate university level

From these two solutions, the analysis revealed that 12 concepts were grounded from the data. From these, each concept was allocated into sub-categories. Four were classified into the “Teaching” sub-category; three into “Institutional Procedure”, two into “Assessment”, and the remaining three into “Climate/Ethos”, “Objective” and “Students’ Focus” respectively. Among these,

Figure 3: Process of Agreement of IES



some concepts failed to reach the saturation. In this study, the researchers considered saturation as the representativeness of concepts (Corbin and Strauss, 1990). This procedure was also supported by counting the numbers of open codes appearing in each concept. It was considered that concepts with less than 5 open codes were simply not saturated. Concepts with less than 10 open codes were thought of as saturated, but have limited exploratory powers. In this study, the concepts returning full saturation were only reported in the findings.

Quality of Education - Teaching

It was revealed that the three sub-categories of Teaching, Assessment and Climate/Ethos belonged to the Quality of Education category, while the two sub-categories of Objective and Institutional Procedure belonged to the Curriculum category (Table 2). In terms of the Teaching phase, academics were found to be very concerned about the quality of current education in undergraduate accounting programs. This was due to academics' negative attitudes towards accounting education (Academic's Interest in AE) and so did not encourage them to reflect their ideas of the IES into their existing programs (See Figure 3). One participant (S3) for instance contended that lack of interest in IES among academics was caused by "*no positive association between accounting education research and their future promotion as an academic*". Even though a few undergraduate academics were eager to respond positively to the introduction of the IES, they deemed it too difficult due to the lack of a consensus for reform amongst their colleagues in the faculty (Consensus of Colleagues). In Accounting Schools, which provide an additional two-year postgraduate degree, and facilitated by talented staff and fully-fledged curriculum that is more suitable for professional education findings were different. Staffs in these schools are expected to devote more time to teaching activities and the more congenial atmosphere suggested that it would be easier

Table 2: Property, Dimension and Open Code for Quality of Education

Subcategory	Property and Dimension	Open Code (selected)
Teaching Context 1) Quality of Education	<p>A: Teaching</p> <p>A-1: Academics' Interest in AE (Saturated)</p> <p>a) Interest in AE issues</p> <p>b) Lack of attentions of AE</p> <p>A-2: Comprehensive Teaching (Limited Saturation)</p> <p>a) Incomprehensive teaching contents at Undergrad</p> <p>b) Systematic and comprehensive contents at AS</p> <p>A-3: Educator's Quality (Limited Saturation)</p> <p>a) Insufficient teaching skills of academics at undergraduate</p> <p>b) Sufficient teaching skills of academics at AS</p> <p>A-4: Support (Saturated)</p> <p>a) Reliable supports:</p> <p>b) No reliable supports:</p> <p>B: Assessment</p> <p>B-1: Role of IAESB (Saturated)</p> <p>a) Assessment role</p> <p>b) Standard Setting role</p> <p>B-2: Quality Assurance Scheme (not saturated)</p> <p>a) Use IES as quality assurance standard</p> <p>b) Use domestic criteria as quality assurance standard</p> <p>C: Consensus of Colleagues (Limited Saturation)</p> <p>a) With consensus</p> <p>b) Without consensus</p>	<p>Importance of AE research, Lack of interest in AE, Indifferent attitudes</p> <p>Too much flexibility, Too much autonomy, Incomprehensive curriculum, Inconsistency in quality and contents</p> <p>Teaching ability of academics, Poor Quality of Education, Less knowledge of teaching, Lack of specific teaching subject, Detailed teaching</p> <p>Practical Tutors, AE research, Translated materials, Guideline, Information, Timely & relevant translation of materials IAESB's role as standard setter</p> <p>No assessment system of AE IES as the resource to develop admission policy, IES as the accreditation standards, Accreditation as the third party, Quality assurance agency IAESB's role as standard setter</p> <p>New assessment institute, Domestic assessment scheme, Two domestic quality assurance organizations, Accreditation system, IES as quality assurance standard</p> <p>Helps & support from colleagues, Mutual understanding, Importance of consensus</p>

to form a consensus in such a reform of program. Here it was suggested by interviewees that the IES be incorporated into their programs.

Further in Accounting Schools it was found that better and effective support would have greater impacts on academics' agreement to the IES implementation. For example, interviewees (S7) agreed that *"timely and relevant translation of teaching materials and textbooks"* would encourage academics to implement a smooth transition toward the IES introduction. Preparing tutors was another important step toward achieving IES integration. The latter was deemed applicable for both the Accounting Schools and Undergraduate programs.

Quality of Education - Assessment

This study also suggests the possibility of incorporating the IES into the undergraduate accounting program on the basis of when an appropriate assessment scheme is developed (Table 2). Participant (S4) for instance expressed his agreement toward IES because IES *"must be a good example of standards to assure the quality of accounting education (in the undergraduate program)"*. He continued *"It would be better if the IFAC (IAESB) would take a more positive role in the global quality assessment of accounting education The obstacle is that there is currently no international institution that has this role of accreditation and assessment"*. Another participant (S5) articulated this issue from a different perspective and suggested that *"Quality assurance of global accounting education is an important issue, but even though IAESB is working hard as the standards setter it is impossible for them to deal with the role of quality assurance due to their very limited number of board members. Alternatively we can suggest some domestic accreditation institutions such as the Japan University Accreditation Association who could conduct their own quality assessment using the IES implementation phase"*. As reflected in these

quotes, the role of the IAESB must be regarded as crucial for the rebuilding of confidence in accounting education at the undergraduate course level. Solutions of these assessment issues may enhance the directive to incorporate IES with both the Accounting Schools and undergraduate programs

Curriculum - Objective

The nature of Higher Education (HE) is also one of the concepts affecting the degree of acceptance of the IES (Table 3). This concept was labeled as Objective from the 3P model. Two different perspectives were found from the data. One view was to re-define the role of HE (including undergraduate programs) as the provider for professional education. This is the traditional perspective for HE. From this view it is recommended that the IES would be incorporated into the curriculum so as to improve the quality of professional education in both undergraduate and Accounting School programs. Another view was to re-define the HE role according to what society requires. According to this view, when companies and industry do not require undergraduates to possess specific professional competencies such as specific accounting knowledge and skills, then the integration of the IES is not necessary in undergraduate programs. In such cases the professional education associated with the IES should only be provided in the Accounting Schools. Despite this latter view, undergraduate students may be expected to perform generic skills that contain a broader learning content as reflected in the IES and when society requires these accounting skills. In this case one should expect that the IES should be integrated into the undergraduate programs as well. Accordingly, it was found that the Nature of HE is the pivotal role when determining the academic agreement for IES implementation.

Table 3: Property, Dimension and Open Code for Curriculum

Sub-category	Property and Dimension	Open Code (selected)
Teaching Context 2) Curriculum	<p>A: Objective</p> <p>Nature of HEs (Saturated)</p> <p>a) HEs should provide PEs To integrate both PEs and HEs</p> <p>b) HEs does not always provide PEs</p> <p>Aim of Curriculum Reform</p> <p> : To improve HEs as liberal arts</p> <p> : To improve PEs</p> <p>B: Institutional Procedure</p> <p>B-1: Methods (Saturated)</p> <p>a) Traditional methods</p> <p>b) New methods</p> <p>c) Balanced methods</p> <p>B-2: Contents (Saturated)</p> <p>a) Broader generic contents</p> <p>b) Specific professional contents</p> <p>c) Mutually Inclusive</p> <p>B-3: Physical Environment (Not Saturated)</p> <p>a) Limited space and time of curriculum at undergrad</p> <p>b) Additional space and time of curriculum at AS</p>	<p>No faculty of accountancy, Professions as the special gift, Professional intelligence, Linkage between HEs and PEs in history,</p> <p>History of Professions</p> <p>Assessment of HEs in accounting, AE as liberal arts, High quality professional education, Model curriculum, No need of IES compliance for all Demand of society</p> <p>Traditional teaching approach, Lecture, Memorisation, Calculation, Pencil pushing exercise, Poor presentation skills, Communication skills, Bookkeeping, Interactive approach, Principle-based approach, Case methods, Practical exercise, Small tutorial</p> <p>Broader competences and skills, Liberal arts, Flexibility, Specific details of standards, Accounting ethics education, Information Technology in accounting, Decision making, Analysis skills, Judgment skills, Encouragement, Importance of accounting,</p> <p>Limited space and time for IES contents</p> <p>Too short to complete PEs at Undergrad, Additional education to become professionals</p>

Curriculum – Institutional Procedure

In terms of the Institutional Procedure, it was found that Japanese accounting academics believe that the teaching methods illustrated in the IES (e.g. center-learner teaching, active learning and case studies) are not appropriate for undergraduate programs where large numbers of students exist (Methods) (Table 3). They also consider that the learning outcomes for the IES are a little too broad compared to those provided in the traditional undergraduate programs of Japan (Contents) (Table 3). These academics believe that these programs should be broad and flexible enough to contain only general material relating to accounting ethics, information technology, judgment and decision-making skills. In contrast, Accounting Schools, where limited numbers of students exist, should be accommodating enough to facilitate the teaching methods introduced through the IES. In the interviews, for example, participant S7 agreed with “*the effective implementation of IES’s teaching methods in the Accounting Schools*”. Some participants did however support the integration of the IES into undergraduate programs, but indicated that “*it should be done gradually (S2)*” or “*Teaching methods can be carefully balanced between traditional and new IES methodology (S7)*”. Different view also indicated that the boarder IES learning agenda should be included within undergraduate programs depending on the quality of graduates. Recent literature calls for an emphasis on generic skills for accounting professionals and this call is commonly shared with graduates from other disciplines.

Students Focus was not saturated in this study, although several interviewees suggested that some aspects of recent undergraduate students’ ability were critically affecting the agreement of IES at the undergraduate program level (Table 3).

Category 2 - Global Pressure to Converge Accounting Education

Category Overview

Globalisation is one of the categories extracted from the data. In this category, there were a total of 14 concepts. Among these categories, the two concepts of Thinking Styles and Social Status of a CPA were not saturated in this study. A further six properties (ie IES Dominance; Accuracy of Pronouncements; Boundary of IFAC member bodies; Nature of CPA Exam; Language difference and Cultural difference) were saturated but represented relatively weak exploratory powers. The two concepts of Nature of IES and Validity of IES Implementation were classified in the Political System of Welch and Wong's (1998) Global Pressure Model, because these concepts addressed possible political disputes in the process of IES standard setting. Another three concepts (Impact of IFRS, Mobility of Profession and Exam Style) were allotted into the Economic System in the same model, because these concepts were considered just as important in relation to events occurring in the business and accounting environment. There were no saturated or strong explanatory concepts included in the Social System. Instead, this research aggregated unsaturated concepts into the one alternative property which was referred to as Acculturation.

Political System – IES Standard Quality

The two properties of Nature of IES and Validity of IES Implementation were branched separately under the label of IES's Standard Quality. This indicates that participants' agreement of IES is partly dependent on the degree of IES' standard quality, which is influenced by how one defines the nature of the IES and how one ensures the validity of the IES implementation.

In general, the IES are intended to be prescribed globally in order to maintain certain qualities of education among IFAC member bodies across various

nations. However the IES may not be able to be enforced by IFAC members, if the differences in education practices across countries are too broad which would make narrowing the gaps difficult. Some respondents raised issues surrounding the importance of the nature of IES as the principle-based standards, where all members are required to comply with the core common framework of accounting education but simultaneously allow members to customise the detailed procedures which would be applicable to their particular

Table 4: Property, Dimension and Open Code of Political System

Subcategory	Property and Dimension	Open Code (selected)
Political System 1) IES Dominance (Limited Saturation)	a) Dominance of UK within IESB members b) Other IES participants	Strong influence of UK bodies, ACCA, UK orientation, Influence of AAA, AICPA Dominance of UK bodies, Compulsory requirement, Positive attitude of JICPA,
2) IES Standard Quality	A: Description of Standards (Saturated) A-1: Nature of IES a) Principle-based standards b) Rule based standards A-2: Accuracy of Pronouncements (Limited Saturation) a) IES does not fit into unique system of Japan b) One Size Fit All B: Quality of Standards B-1: Validity of IES Implementation (Saturated) a) Comparability b) Compliance B-2: Boundary of IFAC members (Limited Saturation) a) Audit accountants bodies b) Non-audit accountant bodies	Principle-based standards, Mandatory legitimacy, Alternative options, Flexible standardization, Core common framework, Discretion of selecting, Customization, Minimum standards Unclear description of IES, Unique system, Definition of IPD and CPD, Difficulty of assessment for compliance of IES, Indirect and obscure standard Weak compliance of IES, Benchmark point, Concern of comparability, Professionals as auditor, boundary of IES, Role of stakeholders, Variety of IFAC members

country (Table 4). Others believed that by the very nature of IES being rule-based standards illustrates the need for the details and specific rules to be strictly followed (Table 4). This rule-based standard would ensure strong acceptance and validity of global convergence of accounting education across countries, but at the same time include the difficulty in implementing the IES so as to comply with one single set of standards across all nations. Some participants were concerned that the “*mandatory legitimacy of IES (S2, S3)*” is hard to endorse if the IES are rule-based standards, while others referred to “*the lack of comparability (S5)*” towards principle-based IES. In summary, these two concepts of Nature of IES and Validity of IES implementation are the issues on the two sides of one coin

Economic System – Impact of IFRS

Global pressure of IES integration is reflected in the latest trends of global convergence of financial accounting and reporting practices. It was found that academics in Japan are generally concerned that they should follow the three concepts of - Impact of International Financial Reporting Standards (IFRS), Mobility of Professionals and the Professional Qualification Scheme (Table 5).

These concepts were included in the Economic System of Global Pressure Model, because they are related to accounting and business practices.

Impact of International Financial Reporting Standards (IFRS):

Compliance with IFRS puts pressure on academics as they learn how to teach IFRS (Impact of IFRS) and is made more difficult due to the unique trait of principle-based standards inherent within the IFRS. For example, participant S4 expressed the difficulty on “*how to teach accounting judgment skills in accordance with IFRS’s Principle-based standards*”. In contrast, other participants pointed out that there is no substantial impact of IFRS on the IES

simply because they believed that the IES are similar with the other on-going debates surrounding the globalisation in accounting such as the IFRS, the Code of Ethics and the International Auditing Standards (IAS). Participant S5 particularly felt that there is “*no substantial relationship between IFRS and IES*”. This dichotomous construct between interviewees indicates some degree of disagreement regarding the IES.

Economic System – Mobility of Professionals

Mobility of Professionals is also thought to be one of the major components of the Economic System phase (Table 5). This concept implies that successful implementation of IES will bring flexible mobility of human resources, particularly among accounting professionals. Anxiety among interviewed academics was evident in this respect. Some participants warned loss of the “*global economic leadership of Japan (participant S5)*”, a “*strong initiative of Japan (participant S8)*” and the loss of “*reflection of voice from Japan (participant S6)*” if IES were not introduced into Japan. They were worried about the possibility of “*failing to develop an educational scheme that produces an accounting profession for global leadership (participant S5)*”. They emphasized that Japan should incorporate the IES into the domestic system as soon as possible. On the contrary others were worried about the possibility “*of dominance in the professional market by foreign accountants due to the opening up of a human resource market (participant S2)*” and felt conditions must be applied before Japan accepts the IES.

Economic System – Professional Qualification Scheme

Japan’s Professional Qualification Scheme was also deemed as a major concern in this subcategory (Table 5). This issue is reflected in the two sub-properties of CPA Exam and Degree Requirement. In the CPA Exam, the

Table 5: Property, Dimension and Open Code of Economic System

Subcategory	Property and Dimension	Open Code (selected)
Economic System 1) Impact of IFRS (Saturated)	a) How to teach IFRS b) No particular association	IFRS education, IFRS philosophy, Teaching global business language, IFRS adoption, Similarity as global standards, Code of ethics, International Audit Standards,
2) Mobility of Professionals (Saturated)	a) Initiative of Japan b) Lost of opportunity	Globalism of human resource, Loss of domestic market, Global competition, Weak influence of Japan, Reflection of voice from Japan, Sending Japanese representatives, Global leadership
3) Professional Qualification Scheme	<p>A: CPA Exam</p> <p>A-1:Nature of CPA exam (Limited Saturation)</p> <p>a) National Exam</p> <p>b) Professional Member's exam</p> <p>A-2: Exam Styles (Saturated)</p> <p>a) Memorisation and Calculations</p> <p>b) Softer & generic skills</p> <p>B: Degree Requirement</p> <p>B-1: Auditors' qualification (Limited Saturation)</p> <p>a) Minimum quality of auditors</p> <p>b) Minimum quality of accountant in general</p> <p>B-2: Social Status of CPA (Not Saturated)</p> <p>a) High social esteem</p> <p>b) Low social esteem</p>	<p>Governmental regulation, National examination, Weak position of JICPA, Strong initiative of authorities</p> <p>Concentrate on knowledge, Calculation orientation, Failure of current CPA exam scheme, Bookkeeping, CPA exam reform, Judgment issues, Recruiting convention, Internship, Practical experience</p> <p>Degree requirement for certificate, Auditing accountants,</p> <p>Maintain social status of CPA, Postgraduate degree requirement, Prestige</p>

primary discussion among interviewees was about how to integrate the measurement method for new skills and competencies rendered by IES with the traditional Japanese CPA Exam scheme where calculations, bookkeeping and memorization are prominent. For example, S7 describes this current situation as *“the controversial issues of how to incorporate judgment skill development measure into extant calculation oriented CPA exam scheme”*. The majority of participants interviewed expressed a great appreciation on the importance of educating *“bookkeeping skills”* for professionals. Their primary concern was ensuring the successful harmonisation of the new skills measurement method with the traditional CPA exam scheme

Social System - Acculturation

Acculturation (Table 6) in this context refers to the dilemma that can exist in an education system when it tries to strike a balance between traditional domestic conventions and new standardised methods as provided by the IES. On the one hand our participants recognised the need for a new learning approach as provided by the IES, but were very confused on how to adjust to the possible effects of *“cultural impact (participant S7)”*, *“language difference (participant S2)”*, *“differences in learning and thinking style (participant S7)”*, *“western teaching methods (participant S6)”*, *“students and teachers’ English skills (participant S1)”*. In short, this dimension requires careful management to ensure a healthy balance between domestic conventions and the acculturation

Table 6: Property, Dimension and Open Code of Social System

Subcategory	Property and Dimension	Open Code (selected)
Social System Acculturation (Saturated)	a) Keeping domestic conventions b) Reflect acculturation	Cultural impact, Influence of language, Thinking style, Learning style, Western teaching methods, English skills

effects following the implementation of the IES in.

Discussion

The general purpose of this research was to discover the perceived attitudes of Japanese accounting academics towards the introduction of IES as part of the push for global convergence in accounting education. To achieve this a set of theories was grounded from the data. A grounded theory was successfully drawn to indicate the agreement process of IES among academics. To inform and discuss this theory, two existing theoretical frameworks were employed.

Initially, Biggs's (1987; 1993) 3P Model was used to assist in the development of a grounded theory from a teaching and learning point of view. The findings, however, supported only a limited portion of the 3P Model and indicated that there were several factors from the Teaching perspective that had a stronger impact on the process of academics' agreement for IES. In terms of Teaching, it clearly evolved that the major reason for the academic lack of support for the integration of IES was due to their suspicious attitude towards the quality of accounting education, particularly at the undergraduate level. This lack of respect was caused by the low academic interest in accounting education practice and research; lack of resources to support new teaching and learning methods and the lack of a relevant assessment scheme for accounting education. Of note, it was evident in the literature that Japanese academics are reluctant to participate in accounting education research despite a strong call for such interaction by the IAESB in the process of IES development (Wilson et al., 2009). Unless a re-focusing on the importance of undergraduate accounting education takes place then the smooth implementation of the IES will be most difficult.

It was also found that the nature of Higher Education (HE) was taking a pivotal role in forming one's opinion toward IES integration. This concept was

recognised in the Presage stage of the 3P Model. The discussion that followed suggested three solutions; HE as a part of professional education for accountants; HE for society's needs and HE a being mutually inclusive for both professional and liberal educational purposes. To offer a solution, the latest study by Wilson (2011) emphasized the need for properly aligned university education in accounting and questions the relevancy of the accreditation process which constrains academic freedom. Similarly, CPA examination exemption reduces learning outcomes in CPD. Wilson's (2011) study also points out the risk of too strong an emphasis on technical training in the preparation of accounting practitioners and suggests the inclusion of a broader liberal education at the undergraduate level(Wilson, 2011). Accordingly the optimum solution for Japan is to integrate the IES into both the Accounting Schools and undergraduate accounting programs so accounting education at the undergraduate level can be seen as an essential component in producing effective accounting practitioners.

In addition, Welch and Wong's (1998) Model was applied to address the grounded theory in terms of global pressure on converging accounting education. Three prominent issues have emerged in the national context. Firstly, IES quality is deemed crucial in driving academic opinion on whether IES is defined as principle-based standards or rule-based standards. IAESB has recently responded to this question in the revision process, which has reflected a dramatic shift from a rule-based approach to a principle-based approach (IAESB, 2011). This change may bring a situation where academics will reach agreement for IES implementation, since mandatory legitimacy of IES does not mean complying with detailed rules or standards but rather to comply with a core common framework across countries. However, according to our findings, this shift to a principle-based approach presents disappointment to academics because it does not assure full comparability of accounting education between

countries. With such a principle-based approach, specific education practices in each country could still prevail and would necessarily guarantee a narrowing of the gap even following the incorporation of IES. To assist rectify this, the IAESB should direct more effort into clarifying the definition, impact and the necessity of IES as a principle-based core framework.

Secondly, the Impact of IFRS and Mobility of Profession were both reflected as important dimensions in an Economic system. These two dimensions are deemed to be influenced by the recent movement of globalisation in economic societies. However, the results of this study have indicated that no consensus has been reached on how Japanese accounting academics are going to adapt to the globalisation of accounting education. Although IFRS issues in the accounting curriculum are recognised as prominent issues in previous studies (e.g. Razaee et al., 2010; Joshi et al., 2010; Munter and Rechters, 2009), the same cannot be said among Japanese accounting academics. This is mainly because of their lack of interest and limited understanding on these issues - as observed in this current study. To reach a consensus, further encouragement and improvement are required that will enhance accounting education research. A cost/benefit analysis on the incorporation of IES would be a useful starting point.

Thirdly, the findings have provided evidence that Japanese participants' agreement with IES implementation partly relies on how to measure broader generic skills as opposed to the current calculation oriented CPA examination scheme. The latest IES revision proposed a mix of input, process and output measures to assess the effectiveness of professional accounting education in developing such skills and competencies (IES, 2011). This approach allows professional bodies to combine more flexible and alternate pathways including work experience, study or qualification as professional entry requirements (IAESB, 2011, para. A10). It was evident from our findings that the current

CPA examination scheme in Japan was criticized by the majority of participants due to its' over emphasis on calculation and bookkeeping skills, but this reform by the IAESB may encourage academics in Japan to reconsider a more appropriate form of competence measurement.

Finally, prior literature also indicates that differences in language, learning styles and ethical attitudes across cultures are seminal factors that affect the smooth implementation of IES (e.g. Wilson, 2009; Needles, 2008; Dellaportas et al., 2006; Sugahara et al., 2010). To achieve effective compliance with the IES, some of the traditional ways of thinking and doing should be questioned and if necessary abandoned. There is another view that the recent proposed principle-based approach of IES may alleviate the impact of this acculturation process, because such an approach allows each country to develop their own flexible access to professional accounting education (IAESB, 2011). Again, this principle-based approach was found to be taking on an important role in the discussions of IES.

Conclusion

The findings of this study have indicated that accounting academics in Japan have not yet reached a consensus on the integration of the IES into the domestic accounting education system, especially at the undergraduate level. The same academics were however willing to implement IES in the unique Accounting Schools of Japan. To incorporate the IES into undergraduate programs it is firstly necessary to redevelop a high quality accounting education and recover the trust in academics themselves. Secondly, the principle-based approach of IES should be better clarified and the IAESB should communicate more effectively with academics so they can obtain a better understanding of this approach. Thirdly, accounting education research and interest in accounting education among academics need revamping if smooth implementation of the

IES is to occur.

One of the major limitations in this research is the lack of generalisability of the findings. The sample used was collected from only eight participants so some concepts were not fully explored. The sample size may be needed to be increased to at least 20 to 30 participants. Further, as participants' research background was limited to financial accounting a broader research background should be included in future research participants. Other sampling methods such as focus group and observations could be carried out to collect more in-depth data. As a result further research will be required in order to reflect and improve on these weaknesses.

Despite these limitations, the findings contribute to the literature from a new and critically important perspective on several issues surrounding IES implementation. To date there has been no study shedding light on the process of IES agreement among accounting academics particularly from a grounded theory constructed from collected data.

The findings from this study also provide useful information that would assist the IAESB and other relevant parties in their strategic direction for implementation of the important IES.

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