

An Interview-Based Study of Individual and Institutional Preparedness for Teaching IFRS

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Abstract

This study uses an interview approach in order to ascertain individual and institutional preparation for implementing IFRS into curricula. This is an important issue, due to the eventual adoption of IFRS by the United States. The participants in the study indicate that neither individuals nor institutions have a high level of readiness for teaching IFRS. The study then covers the implications of these findings and suggests future research possibilities.

Keywords: Accounting, IFRS, GAAP, curriculum, financial reporting, interview, education

1. The Problem

The expected shift in the United States from generally accepted accounting principles (GAAP) to International Financial Reporting Standards (IFRS) has generated a number of difficult issues and forced professors and college administrators to deal with questions about curriculum expansion and the resources needed to accomplish such an endeavor (Nilsen, 2008). The results of a 2008 survey of 530 U.S. accounting educators suggested that the academic community was not ready to meet the expectations included in the Security and Exchange Commission's (SEC) roadmap for IFRS implementation, as resources were not in place to support a fast and comprehensive incorporation of IFRS into existing accounting programs (Munter & Reckers, 2009).

One of the most critical aspects of convergence with or conversion to IFRS is education, as massive training will be required across the accounting profession. It is the responsibility of educators to train future generations of workers, so their contribution to the learning and teaching of IFRS is of paramount importance. While IFRS is being taught at colleges and universities, coverage tends to be at a fairly basic level, and does not prepare students to fully understand IFRS. This will have to change as the United States moves toward eventual implementation of IFRS. Colleges and universities will need to acquire training materials that are created by regulators and other entities, and refocus their objectives toward the integration of IFRS into the curriculum. Professors and students will need to devote time to learning the new system (Thomas, 2009).

This study contains a survey of accounting educators and points to a gap between an implementation that relies on education and educators, and the knowledge and resources necessary for colleges and universities to accomplish such a monumental IFRS conversion task. It also reveals a lack of coordination and preparation by all parties involved—the SEC forged ahead at a fast pace while academics remained in the background.

The results are presented on a question-by-question basis followed by an interpretation and a presentation of emergent themes. Interpretation involves an explanation of the findings, answering why participants responded in a certain way, and attaching significance to particular results (Patton, 2002).

2. Importance of the Study

This exploration of educators' perspectives on IFRS preparation helps set the tone for an exploration of how other professional groups relate to the issue and what concerns and ideas these groups are willing to share. Some of these other groups include book publishers, software developers, and any other group that will be affected by an incorporation of IFRS into the accounting curricula.

This study also serves as a starting point in the process of determining the level of support that educators would give to a future IFRS implementation and how it compares or contrasts with the views expressed by other groups. It is, therefore, an important part of a dialogue regarding how educators, schools, and students would be affected before and after an implementation takes place. It helps identify and gain a clearer perspective of what the

difficulties might be and the amount of resistance that certain groups may display now and in the future.

Participants were able to express their ideas regarding pedagogy. This was important because it helped identify any proposed methods to incorporate IFRS into the accounting curriculum and how educators rate the effectiveness of those methods. Also, any new methods that had been developed or were in the process of being developed by participants at their respective institutions were revealed.

A variety of methods to choose from might prove to be the answer on how to incorporate IFRS into the curriculum. The use of different methods might very well reflect the diversity of students, institutions, and educators. It might act as a catalyst for those institutions with diverse populations where educators have to consider many factors when introducing any new material.

In general, the process of making major changes to any part of the curriculum, whether in accounting or any subject area, should be carefully evaluated. It should bring together the ideas and concerns of all groups that might be impacted by such a change. Research can act as both a bridge and a funnel to facilitate the exchange of perspectives and fresh ideas on the issue.

The ideas generated and the facts gathered through research should then be combined with prior findings and the body of knowledge that has accumulated through years of practice and learning. The impact on society and how its members would be better off as a result of the changes is also an important consideration. Such an analysis might also reveal whether the changes are political, economic, or social in nature. Perspectives on IFRS are not, and should not be, the monopoly of any specific group.

3. Methodology

3.1 Research Design

The open interview method was chosen because it tends to generate a greater amount of data from participants' responses to various inquiries. It is one of several qualitative interviewing methods and was considered to be appropriate for this study because an exact instrument was used with each participant. This increased the interview focus and made it easier to find, compare, and analyze the results.

3.2 Selection of Subjects

The subjects were selected from those who responded to an electronic message requesting participants for the study or who were contacted by the researcher or referred by other participants. Their contact information was obtained, primarily, from a directory of accounting educators in the state of Florida found through educational institutions' websites. The directory lists faculty at public and private universities and colleges (including state colleges and community colleges). Directories of other organizations, such as the Florida Association of Accounting Educators (FAAE) and Florida Phi Beta Lambda, were also used to obtain information on prospective subjects.

3.3 Instrumentation

An open-ended questionnaire was used for this study in order to allow for a wider range of responses from participants. Demographic information that could be used for further analysis was also collected in conjunction with responses to nine other questions.

The responses were used primarily to measure faculty participants' own assessments of their IFRS preparation and that of their institutions, as well as their perspectives and recommendations on how the needs of future accountants in the global business arena will be met once a curriculum change with respect to accounting standards is required. This included an evaluation of certain approaches on how to incorporate IFRS into the accounting curriculum. The participants' perspectives about the availability of materials and administrators' understanding of students' needs were also measured.

The open-ended interview questions included the following:

1. Describe the level and type of preparation you have attained regarding the incorporation of IFRS into the curriculum.
2. Describe the level and type of preparation your institution has attained regarding the preparation of students after an IFRS implementation.
3. Describe the level and type of preparation required for an IFRS implementation; in terms of knowledge, time, support, curriculum changes, and any other factors you consider important.
4. Describe what pedagogical methods are available to faculty members on how to teach principles-based accounting standards.
5. Please indicate the following:
 - a. The type of institution you are affiliated with (university, state college, community college, private, public, non-profit, etc.)
 - b. Geographical data (Florida region)
 - c. Size of the institution and campus (if applicable)
 - d. Years of experience and credentials (Master's, PhD, DBA, CPA, etc.)

3.4 Assumptions

The study assumed that participants were familiar with IFRS and all the issues surrounding its convergence with U.S. GAAP. It also assumed that participants were answering the open-ended questions from their own frame of reference, and that they were capable of making judgments about their institution's level and type of preparation regarding the incorporation of IFRS into the accounting curriculum.

3.5 Procedures

Personal one-time interviews were conducted at the participants' homes, offices, and other

places they selected. A semi-structured interview method was used in order to eliminate the low response rate that usually results from the use of surveys. Also, interviews enable the researcher to observe non-verbal behaviors and evaluate responses while the interviewee discusses sensitive issues (Gordon, 1975).

Some participants received an invitation with an overview of the research study and others were informed by colleagues who had received the invitation. It explained the approximate time commitment to complete the interview and how the responses would remain confidential.

A database to record each participant's responses was designed with the assistance of a colleague who adapted an example from a module on how to analyze qualitative questionnaire data (InSites, 2007). The process started with the preparation of a transcript that included all the interviewees' responses and was used to codify the data, identify categories and trends, and record the information in the database.

Each respondent was given an identification number. A number of tables were then generated from the data by using participant, question, and demographic information. Some tables were added based on categories originating from the data analyses. Some codes were predefined and some emerged from the data. The predefined codes represented categories and themes that the researcher anticipated based on the questions asked and prior knowledge of the issues. Additional codes and table columns were created to identify other factors, concerns, or trends related to the issues explored by the study.

4. Results

4.1 Participants' Characteristics

A total of 16 professors were interviewed for this study. The recorded data from one of the participants were damaged and could not be used. The remaining 15 participants belong in the following categories. Eight were faculty members at public state colleges and three were faculty members at public universities. One was a faculty member at a private university, two were faculty members at a private college, and one was both a faculty member at a community college and at a private university.

Their academic credentials included two with PhDs, two with a Doctorate of Business Administration (DBA), and 11 with a master's degree. Two of those with a master's degree were currently pursuing a DBA. Eight of the participants also held a Florida CPA license and an additional three had several years of experience working in public accounting. One participant held the CMA designation and one had a law degree.

As far as teaching experience, nine participants had 20 or more years of teaching experience at the college level. One had from 10 to 15 years, one from 5 to 10 years, and four had from 0 to 5 years of teaching experience.

4.2 Research Questions 1 and 2: Individual and Institutional Preparation for the Incorporation of IFRS into the curriculum

4.2.1 Results

The first two research questions were analyzed together, as they were related, and this joint analysis adds richness to the results.

Three categories were identified for each participant's preparation level based on his or her response: low, medium, and advanced. Two categories were identified for institutions' preparation level based on the interviewees' responses: no preparation and low preparation.

The first round of analysis of the responses showed that 60 percent of the study participants rated their individual preparation as low and the other 40 percent as medium; none of the participants described their preparation as advanced. On an institutional level, the results also showed that 47 percent rated their institutions as having no preparations in place and 53 percent as having a low level of preparation. Those who rated their institutions as having made no preparations all taught at public state colleges and community colleges. Those who rated their institutions' preparations as low taught at state colleges, public and private universities, and private colleges (See Table 1).

Table 1. Type of institution and Level of Preparation: Individual and Institution

Type of Institution	Number	Level of Individual Preparation	Number	Level of Institutional Preparation
SC, Public	5	Low	6	None
	3	Medium	2	Low
CC, Public	1	Low	1	None
Univ., Public	2	Low	3	Low
	1	Medium		
Univ., Private	1	Low	1	Low
C, Private	2	Medium	2	Low

Note. SC = State College, CC = Community College, C = College, UNIV = University

4.2.2 Interpretation

The interpretation of the results based on the interviewees' responses is as follows.

Interviewees believed that the level of IFRS preparation could be measured on a scale from low to advanced, and that such levels were attainable. They also had their own criteria regarding what those levels were and how to attain them. Interviewees who rated their preparation as low based it on criteria such as having received no formal preparation and

having had exposure to IFRS through conferences, symposiums, textbooks, and other publications. Interviewees who rated their preparation as medium based it on criteria such as attending workshops, receiving continuing professional education (CPE), and teaching CPA review courses. Although interviewees did not describe the criteria they would use to rate IFRS preparation as advanced, it can be determined from their responses that such criteria would include preparation from sources other than those they mentioned. One interviewee did state that preparation above medium level was desirable and could be attained by completing a certification course and receiving hands-on training alongside practitioners.

Interviewees believed that the level of an institution's IFRS preparation could be measured on a scale from no preparation to advanced preparation. They also had factors that they associated with both low preparation and no preparation, as evidenced by their responses. Those who rated their institutions as having made no preparations or having a low level of preparation stated the following factors, among others: institutions were waiting for publishers to take the lead, IFRS in the United States have not been finalized, and institutions have relied on individual instructors to pursue their own preparation.

4.2.3 Emergent themes

In the interviewees' responses concerning the type of preparation obtained, several themes emerged. One surrounded accounting textbooks and how, in terms of IFRS, they are serving a dual purpose. In 50 percent of the responses, textbooks were mentioned as a source of IFRS preparation for accounting instructors. The accounting textbooks interviewees were referring to were the same textbooks used by students.

A second theme was related to the institutions' level and type of preparation. The responses presented a claim that institutions were waiting for publishers to take the lead regarding IFRS preparation. One interviewee explained it by saying, "faculty members who are not CPAs and do not have undergraduate degrees in accounting will get the knowledge strictly from textbooks; the reason is that in general the institutions will be relying on the publishers to provide the information."

A third theme focused on how to fulfill the needs of future accountants in the global business arena appeared to be influenced by a decision concerning IFRS adoption in the United States. Although some talks on how to incorporate IFRS into the accounting curriculum have taken place at the institutional level (mostly among professors), institutions seemed to have focused on the U.S. path to conversion and whether IFRS would be adopted before any formal preparation begins. One participant mentioned how the emphasis on preparing students for what they would face in the workplace made it difficult to incorporate IFRS into the curriculum before any definite plans for adoption in the United States have been made.

4.3 Research Question 3: *Important Factors for an IFRS Implementation*

4.3.1 Results

This question was designed to uncover the interviewees' points of view regarding changes

and processes that educational institutions have to put in place to integrate IFRS into the curriculum. When asked to describe the level and type of preparation required for an IFRS implementation in terms of knowledge, time, support, curriculum changes, and any other factors they considered important, interviewees described faculty training, by far, to be the most important factor. Changes to the curriculum and the creation of textbooks and teaching examples were equally cited as important factors. Other factors included were differences between accounting majors and business majors, the development of IFRS courses, the development of departmental policies, advisory boards, and residency programs.

4.3.2 Interpretation

The interpretation of the results based on the interviewees' responses is as follows.

Most interviewees believed that the first step to a successful IFRS implementation was to train accounting faculty. One interviewee explained that "first you would have to get the faculty involved in the learning of IFRS." Another said, "A certification course with more than 100 hours of IFRS instruction is necessary to be adequately prepared." A third explained, "There would need to be some professional level education for professors to become fully familiar with the new rules."

Interviewees also believed that curriculum changes go hand-in-hand with the development of textbooks and teaching materials. This interpretation was based on interviewees' statements, such as "publishers will have to take the lead; they have to focus on the creation of textbooks before the curriculum is changed." Another said, "IFRS has to become part of the curriculum; it would be important to have the most current information and have access to materials." Another said, "Since the textbooks are an integral part of the classroom experience, the evolution of the textbooks will be very important."

4.3.3 Emergent themes

One theme that emerged from the participants' discussions was the need to develop a nationwide program that would involve hands-on, in-depth training for educators where they could learn to implement IFRS by working along practitioners. One participant expressed the idea behind such internship-like training by stating that while all other training is important, "the only way to understand IFRS is to live it."

Another emergent theme was related to the creation of textbooks and teaching examples. While some participants expressed that many accounting textbooks mentioned IFRS, others expressed that publishers needed to do a better job. There was concern regarding textbooks and materials that are "so far behind the curve" and that it was not possible for instructors to count on these materials for their preparation.

The discussion on changes to the curriculum revealed other concerns and emergent themes, such as the lack of information regarding structures and guidelines, the need to extend the number of hours allotted to financial accounting courses, and the ability to share IFRS curricula among institutions.

Interviewees mentioned other factors that were important to them, such as the need to

differentiate between the needs of accounting majors and business majors regarding IFRS expertise. This was described as an important factor when developing an IFRS curriculum and faculty training. Other factors included the development of stand-alone IFRS courses, the development of departmental policies regarding IFRS implementation, the incorporation of accounting and business advisory boards' concerns and ideas into an overall plan regarding IFRS incorporation into the curriculum, and the development of an IFRS residency program for students, just like the one for physicians.

4.4 Research Question 4: Pedagogical Methods

4.4.1 Results

The study also explored the participants' views concerning the pedagogical methods available to faculty on how to teach principles-based accounting standards. This was important in light of information explaining that the education of future accountants may not have been considered as much a priority as it should have been, that IFRS education had been given little attention by researchers, and pedagogical approaches in other areas of accounting have measured the effects of pedagogy on students' learning, employers, and the profession (Coetzee & Schmulian, 2012). It was also important due to the existence of many educational theories on the presentation of accounting topics and of proposed methods for integrating IFRS within the first year curriculum (Kinkela et al., 2010).

Eighty percent of interviewees said either nothing or not much was available now in terms of pedagogy but that someone would have to explore the issue. The other 20 percent of interviewees included someone who had not looked into the issue, someone who said there might be books out there on that topic, and someone who suggested that the same pedagogy used to teach U.S. GAAP could be adapted to teach any standards.

4.4.2 Interpretation

The responses to this question indicated that interviewees were familiar with accounting pedagogy. They also indicated that the type of IFRS preparation they acquired through publications, workshops, continuing education courses, and textbooks had not included preparation on pedagogical methods to teach principles-based accounting standards. Therefore, the responses to this question did not deviate from the responses to questions one and two in terms of the interviewees' preparation.

4.4.3 Emergent themes

While IFRS can be described as principles-based standards, one participant explained that "the topic of principles-based standards is only mentioned casually but it is not discussed in depth," while another expressed that "what's available right now is mostly supplemental information, not how to teach it."

The challenging nature of teaching principles-based standards was also mentioned, and participants noted that it was easier to teach a formula to find x and y than to teach a standard. One of the major concerns expressed was the lack of certainty regarding the pedagogy that would be needed to teach principles-based standards.

The role of textbook publishers in the development of pedagogy also found its way into the participants' answers. One of the participants explained how educators relied on textbooks and assumed that the pedagogy was embedded in the lessons; "students are basically told this is how you do it."

Some interviewees expressed some revolutionary ideas. One suggested:

In the U.S. we might have to create our own pedagogy since we might be teaching both U.S. GAAP and IFRS; although it is possible to adopt pedagogy used by other countries, the circumstances might be different and become a major hurdle.

The idea that case studies might prove useful in teaching IFRS was also mentioned. The challenge expressed here was the lack of case studies and a preponderance of comparisons, diagrams, and charts. A solution offered to compensate for the lack of pedagogy was to supplement the resources available with presentations by guest speakers—individuals who actually worked with IFRS on a daily basis.

5. Implications

5.1 Implications for Practice

There are implications based on the study results for both accounting practices and accounting education. The results improve the understanding of IFRS preparation and the role of both educators and practitioners in fulfilling the needs of future accountants. While surveys and reports on this issue have gathered similar data, this study gathered additional data by giving interviewees the opportunity to explain their answers and state their positions and ideas on different issues.

This was important in order to determine, for example, not only how interviewees rated their preparation, but also how they achieved a certain level of preparation and their needs in terms of IFRS readiness. Textbook publishers, professional business and accounting organizations, college and university administrators, IFRS providers, and even State Departments of Education will all be interested in these findings. Accounting practitioners will also be interested in the implications for practice. Interviewees explained that there is a window of opportunity for accountants in industry as well as those working in CPA firms to join educators in learning IFRS and then imparting that knowledge to future accountants.

5.2 Implications for Research

There are unlimited opportunities for research in the area of IFRS preparation and the needs of future accountants in the global business arena. One of those opportunities was discussed by one of the interviewees and directed to business and accounting professors at the university level. Now is the time to begin focusing on an IFRS implementation at the industry level and creating different pathways that business can follow; a research-based set of guidelines was suggested by the interviewee.

There is also an opportunity for research in the area of preparation for both educators and institutions. The preparation path followed by professors in other countries where IFRS has

been adopted and whether it has been successfully implemented is an interesting topic to explore. This research may help answer the nagging questions at the heart of the problem in terms of the resources, time, and configuration that may be needed before IFRS are incorporated into the curriculum.

More research is definitely needed in the area of pedagogy; this was a major concern expressed by participants in this study. Pedagogical methods on how to teach principles-based standards would be a welcome addition to the existing body of knowledge in curriculum design and teaching methods in business and other disciplines. The needs of future accountants in the global business arena are intimately related to the quality of education they receive.

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