



DLSU
RESEARCH CONGRESS
"Responding to the Challenges of the ASEAN Integration"

**20
16**

Presented at the DLSU Research Congress 2016
De La Salle University, Manila, Philippines
March 7-9, 2016

Raising globally competitive Filipino accountants: Re-designing the Accountancy Curriculum

Arnel Onesimo O. Uy
De La Salle University
arnel.uy@dlsu.edu.ph

Abstract: In a recent study of Oxford Economics (2012), they examined how rapid globalization and the transformation of the business environment will affect workforce needs in the future. Their research reveals not only that tomorrow's landscape for global talent will be dramatically different than that of today, but that some countries and industries will need to adapt more quickly to accommodate these rapid shifts. These market shifts shape the business requirements for future talents including professional accountants. Together with the educational reforms in the basic education of Philippine schools, the ASEAN economic integration, the revised international accounting education standards as well as developments in the profession require a radical yet developmental modification in the current accountancy curriculum. This study proposes how to re-design the current accounting curriculum based on an educational framework which considers all these local, regional and global factors affecting the competency requirements of future professional accountants.

Key Words: accountants, accountancy curriculum, Philippines

1. Introduction

In a recent study of Oxford Economics (2012), they examined how rapid globalization and the transformation of the business environment will affect workforce needs in the future. Their research reveals not only that tomorrow's landscape for global talent will be dramatically different than that of today, but that some countries and industries will need to adapt more quickly to accommodate these rapid shifts. These market shifts shape the business requirements for future talents including professional accountants.

1.1 Accounting Education

While Fra Luca Bartolomeo d Pacioli has always been credited as the father of accounting and bookkeeping, modern accounting education was introduced in 1959 when the Ford Foundation and Carnegie Commission issued a call for its creation after reviewing and criticizing business education. What followed was a series of recommendations made by different commissions initiated by accounting organizations such as the American Accounting Association (AAA) and the American Institute of Certified Public Accountants (AICPA) such as the Trueblood Commission in 1963 and the Pathways Commission in 2012. The various recommendations by these commissions have not

always been heeded by universities when they design accounting curriculum. Most accounting programs remained focus on preparing graduates for a career in public accounting by providing them with tools needed for immediate productivity such as financial accounting rules and regulations, and auditing procedures and standards (Wheeler, 1991). They did not provide them with a knowledge base that would allow them to adapt to changing environment during the course of their careers.

Lawson, Blocher, Brewer, Cokins, Sorensen, Stout, Sundem, Wolcott, and Wouters (2012) summarizes that there are two problems that persists despite prior efforts to effect change in accounting programs. First, most curricula continue to focus on preparation for entry-level requirements despite continual calls for a longer-term perspective. And second, accounting education remains largely focused on preparing graduates for careers in public accounting and auditing despite several attempts to align academic curricula with the competencies required in the work place. In 1989, for instance, the Big 8 accounting firms released a white paper calling for reforms in accounting curricula to develop analytical and critical thinking and not passing entry-level professional exams. Accounting educators were encouraged to develop a base of competencies that would last throughout an accountant's career and produce creative, adaptive life-long learners.

This was highlighted when the Pathways Commission (2012) challenged the academe to define a body of knowledge for the practice of the accounting profession in the future. In response to this, the Joint IMA-MAS Curriculum Task Force came up with an integrated educational framework with four recommendations.

1. The perspective of accounting education should be re-oriented to focus on the curricular requirement for long-term career (i.e. life-long learning);
2. The scope of accounting education is to be broadened to include organizational setting beyond public accounting practice;
3. The curriculum should be based on how accountants add value to their organizations; and
4. The professional competencies of accounting education designed within the curriculum to be integrated competencies.

These recommendations highlight two important characteristics of the competencies – integrated and strategic. Figure 1 shows the

integrated competency framework proposed by the IMA-MAS Curriculum Task Force.



Fig. 1. Integrated Competency Framework for Accounting Education (IMA-MAS Curriculum Task Force, 2014)

1.2 International Education Standards

Globally, International Federation of Accountants (IFAC) is a worldwide organization for the accountancy profession dedicated to serving the public interest by strengthening the profession and contributing to the development of strong international economies. IFAC is comprised of over 175 members and associates from more than 130 countries and jurisdictions, representing almost 3 million accountants in public practice, education, government service, industry, and commerce.

Under IFAC is an independent standard-setting body called the International Accounting Educations Standards Board (IAESB) that develops education standards, guidance, and information papers for use by IFAC member bodies and other interested stakeholders in the professional accounting education, such as universities, employers, regulators, government authorities, accountants, and prospective accountants.

IES provides standards for both initial professional development (IPD) as well as continuing professional development (CPD). This is in the same spirit as the integrative and strategic competency recommendations made by the Joint IMA-MAS Curriculum Task Force in the U.S.

In 2014, the IEASB released the revised standards for the IPD. These revised IPD standards (IES 1 to 5) is effective July 1, 2015 and supersedes the 2010 IES. The revision of the IESs will help promote consistency in practice and share good practices in the learning and development of a



professional accountant resulting from changes in the environment of accounting education and the experience gained from implementation of the 2010 IESs by IFAC member bodies.

1.2 Philippine Accounting Education

In the Philippines similar to the U.S., the accounting curricula mainly prepares the graduates to hurdle the certified public accountant (CPA) board examinations and a career in public accounting. However, unlike the U.S., operations of Philippine universities and colleges are regulated by the Commission on Higher Education (CHED) and the profession by a government body under the Professional Regulatory Commission, the Board of Accountancy (BOA). CHED issues the accounting program standards and guidelines while BOA issues the syllabus for the entry-level professional examinations called the Certified Public Accountant Licensure Examinations.

In general, the accounting profession in regulated under the Republic Act 9298 (RA9298), which is also called the Accountancy Act. RA9298 gave the BOA the mandate to oversee the practice of the profession in four areas – public practice, commerce & industry, education and government. The Philippine Institute of Certified Public Accountants (PICPA) is the accredited professional organization of all CPAs.

1.3 Educational Reforms

There are two major reforms currently in the Philippine education system. The first one is the K to 12 program which covers Kindergarten and 12 years of basic education (six years of primary education, four years of Junior High School, and two years of Senior High School [SHS]) in order to provide sufficient time for mastery of concepts and skills, develop lifelong learners, and prepare graduates for tertiary education, middle-level skills development, employment, and entrepreneurship. This is pursuant to the RA 10533, also known as the "Enhanced Basic Education Act of 2013". Implementation of the program will commence in school year 2012–2013. Grade 1 entrants in SY 2012–2013 are the first batch to fully undergo the program, and current 1st year Junior High School students (or Grade 7) are the first to undergo the enhanced secondary education program. Thus, the first cohort of the SHS will complete the new program in 2018.

The second major reform is in the higher education level where the general education

curriculum was amended and the philosophy of outcomes based education (OBE) adopted. The shift to competency-based learning standards or OBE will enable a more effective integration of intellectual discipline, thos and values associated with liberal education.

1.4 ASEAN Integration

The establishment of the ASEAN Economic Community (AEC) in 2015 is a major milestone in the regional economic integration agenda in ASEAN. ASEAN fully recognizes the opportunities for further growth and employment that the services sector and thus, pursued the liberalization of the services sector in the region. More specifically, AEC has promoted trade in services as well as the flow of skilled labor through the establishment of Mutual Recognition Arrangements (MRAs) for professional services. Under the ASEAN Framework Agreement on Services (AFAS), ASEAN has made concerted efforts to enhance cooperation among Member States, setting specific targets for the process of liberalizing and integrating the services sector in the region to enable the free flow of services envisioned in the AEC. Accounting is one of the identified professions which will be covered by MRAs.

1.5 Problem Statement

What is the impact of the educational reforms, new international education standards as well as the different developments in the accounting profession to the accountancy curriculum? How will these developments shape the components of a globally competitive accounting curriculum for the Philippines?

2. METHODOLOGY

2.1 Conceptual Framework

In order to assess the impact on the accounting curriculum, the study utilized this conceptual framework (Fig. 2).

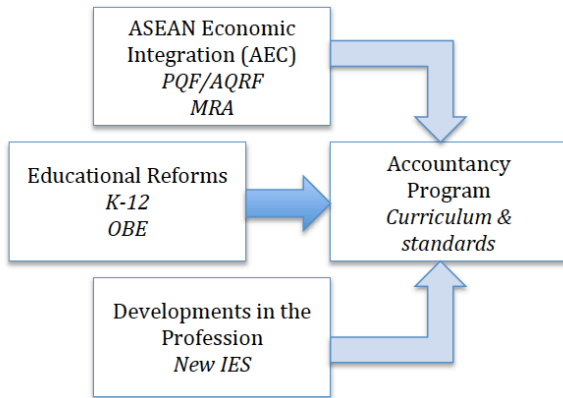


Fig. 2. Conceptual Framework

2.2 Methods

The study used the results of the focus group discussions (FGDs) conducted by the CHED Technical Committee on Accountancy last Jun 4, 2015. These FGDs were organized to aid the CHED Technical Committee for Accountancy in drafting a revised program standards and guidelines considering the perspectives of the various stakeholders regarding the impact of the AEC and the developments in the profession. There were four (4) FGDs conducted with various stakeholders.

FGD #1 – Members of the Board of Accountancy

FGD #2 – Representatives from the different sectors of accountancy practice (public practice, commerce & industry, education, government)

FGD #3 – Employers and business leaders

FGD #4 – Representatives from the different certification bodies

3. RESULTS AND DISCUSSION

3.1 Trends in Accountancy Profession

From the review of literature as well as the discussions in the FGDs, there are two (2) notable trends affecting the accountancy profession which will impact the design of the accounting curriculum.

The first theme is about harmonization and integration. Harmonization of standards can be seen as ASEAN gears up for integration and develops a regional qualification framework (ASEAN Qualification Reference Framework or AQRF) which compares among others the qualification of

professionals across the ASEAN countries. The push for creating mechanism for mutual recognition of professionals thru the MRAs is also another indicator that supports this trend.

The second trend which is evident in the FGDs is the growth in specializations in the accountancy profession with the creation of other certifications and accreditations apart from those engaged in public accounting/practice. The increased acceptance by the business sector of these new roles for professional accountants and zeal of excellence given by the certifying bodies further expanded value of professional accountants. The rise in the number of certified management accountants (CMA) as well as the certified internal auditors (CIA) are examples of this trend. Furthermore, the members of BOA and business leaders/employers are in agreement that there will be a continuous increase in the demand for the specializations and will further broaden the roles played by accountants in the organizations they are part of.

3.2 Proposed Accounting Education Framework

It was also evident in the FGDs that this notable transformations in the environment of the professional accountants requires a framework to facilitate the navigation of the different factors affecting the development and design of accounting program in the country. The unique regulatory setting in the Philippines where different agencies as well as the revisions in the IES are considered in the Philippine Accounting Education Framework (PAEF). PAEF is a conceptual layered structure supporting the design and implementation of various accounting degrees in the country. It shows the interrelations of vocational certifications, academic degrees (bachelors, graduate) as well as other professional certifications with reference to the Philippine Qualifications Framework (PQF), AQRF and the IES. Figure 3 shows how all these elements are reconciled into a simplified structure for ease of understanding.

Qualification Level	Degree	Regulatory Agency	IES Level
PQF/AQRF 8	Doctorate	CHED	Continuing Professional Development (CPD)
PQF/AQRF 7	Master		
<i>accredited CPD programs</i>			
PQF/AQRF 6	Bachelor	CHED	Initial Professional Development (IPD)
PQF/AQRF 1-5	NC / Diploma	TESDA	Technical/Vocational

Fig. 3. Philippine Accounting Education Framework

3.3 Accounting Programs

To cater to the emerging growth in the specializations in the accountancy profession as well as the anticipated outcome of the new K-12 basic education, four (4) different yet related accounting programs in the bachelor level are needed. These are revised BS in Accountancy (BSA) for the CPA track, BS in Management Accounting (BSMA) for the management accounting track, BS in Internal Audit (BSIA) for the governance, risk and compliance track, and the BS in Accounting Information System (BSAIS) for the information and technology track. Figure 4 presents this together with possible certifications for each track.

Initial Professional Development (IPD)					
PQF/AQRF 6	Bachelor	CPA	CMA, CGMA	CIA, CFE, CrFA	CISA, CISSP
		CMA, CGMA, CIA, CFE, CrFA, CISA, CISSP, CAT	CIA, CFE, CrFA, CISA, CISSP, CAT	CMA, CGMA, CISA, CISSP, CAT	CMA, CGMA, CIA, CFE, CrFA, CAT
		BS in Accountancy	BS in Management Accounting	BS in Internal Auditing	BS in Accounting Information Systems

Fig. 4. Four-track Accountancy Program

3.4 Re-designed Accounting Curriculum

The prescribed competencies in the revised IES provides a foundation to the curriculum for the

four (4) accounting programs. Together with an OBE approach to learning strategies, universities are encouraged to go beyond the prescription of courses to the development of technical competencies, professional skills, and professional values, ethics and attitudes. Likewise, it is proposed that a capstone requirement be included in the proposed curriculum. This requirement prescribes the integration of at least 400 hours practicum with research to enhance the practical experience required by the IES before their IPD. Lastly, it is also recommended that the curriculum maps out the required new competencies for future talents including professionals which the Oxford Economics study prescribes. This includes digital skills, agile thinking skills and global operating skills.

4. CONCLUSIONS

With the completion of the first cohort of the senior high school program (K-12) in 2018, Philippine higher education institutions should re-design their accounting curriculum considering the integrated and strategic competencies required by the IES as well as prepare to offer new accounting programs aimed at developing future accountants in their specialized and expanded roles. Furthermore, the need to integrate a capstone program within the curriculum will further prepare the prospective accountants to a longer-term career in accounting. With these reforms in the accounting education implemented, Filipino accountants will be globally competitive.

5. ACKNOWLEDGMENTS

The study acknowledges the valuable contribution of the CHED Technical Committee for Accountancy as well as the Office of Program Standards in sharing the results of the FGDs in aid of drafting the proposed PSGs for accounting programs.

6. REFERENCES (use APA style for citations)

International Accounting Education Standards Board. (2014). Handbook of International



DLSU
RESEARCH CONGRESS
"Responding to the Challenges of the ASEAN Integration"

**20
16**

Presented at the DLSU Research Congress 2016
De La Salle University, Manila, Philippines
March 7-9, 2016

Education Pronouncements: 2014 Edition.

Available at: <https://www.ifac.org/publications-resources/2014-handbook-international-education-pronouncements>

Lawson, R. A., Blocher, E. J., Brewer, P. C., Cokins, G., Sorensen, J. E., Stout, D. E., & Wouters, M. F. (2014). Focusing Accounting Curricula on Students' Long-Run Careers: Recommendations for an Integrated Competency-Based Framework for Accounting Education. *Issues In Accounting Education*, 29(2), 295-317. doi:10.2308/iace-50673

Oxford Economics. (2012). Global Talent 2021: How the new geography of talent will transform human resource strategies. Available at: <https://www.oxfordeconomics.com/Media/Default/Thought%20Leadership/global-talent-2021.pdf>

Pathways Commission. (2012). Charting a National Strategy for the Next Generation of Accountants. Available at: http://commons.aaahq.org/files/0b14318188/Pathways_Commission_Final_Report_Complete.pdf

Wheeler, J. (1991.) Educating for the "profession" of accounting. In *Models of Accounting Education*, edited by Norgaard, C. C., and G. L. Sundem. Bainbridge Island, WA: Accounting Education Change Commission.