Accounting Education Trends in the IFRS Era:
Taiwan Experience

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Outline

• Major Changes in IFRSs
• Accounting Education Trends in the IFRS Era
  – Critical Thinking and Analytical Ability
  – Management Related Knowledge
  – Valuation Skills
  – Mobile Learning
• Challenges facing Accounting Academics in Taiwan
• Conclusions
Major Changes in IFRSs

• from rule base to principle base
• from historical cost accounting to fair value accounting
• contract base judgment requiring extensive understanding of operating processes and essence of transactions
• financial statements consistent with managerial reports
Major Changes in IFRSs

- Taiwan’s public company reporting currently in the transitional stage
- Starting 2012/1/1, maintaining financial statements in two systems
- For statements ending after 2013/12/31, two-year IFRS based comparative reports required
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Education Trends: Critical Thinking and Analytical Ability (1/6)

- Understanding fundamental accounting concepts, contract judgments and essence of transactions become more important for students.
- Students should understand what (is the concept), why (choose the accounting rule) and how (to apply accounting standard).
- Apply more participative learning approaches, e.g. case studies, role plays, cross-examination debates, etc.
• In Taiwan, national accounting debate contests have been held once a year since 1989. The debate contests are not only held at extramural levels but also at class/course levels in order to train more students to probe accounting issues from different perspectives.

• Development of course/chapter embedded debate topics in accounting text books or training materials is needed.
• Case studies are gaining popularities in many disciplines in Taiwan’s business colleges. But most accounting students randomly surveyed reported that two or more cases in one semester accounting course were still not very common.

• Any empirical evidences?
Education Trends: Critical Thinking and Analytical Ability (5/6)

• Academia Excellentiae at NCCU dedicated for case teaching in management education
Education Trends: Critical Thinking and Analytical Ability (6/6)

Frequency of Uses of Academia Excellentiae

<table>
<thead>
<tr>
<th>Year</th>
<th>Other Courses</th>
<th>Accounting Courses</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>95</td>
<td>7</td>
</tr>
<tr>
<td>2009</td>
<td>277</td>
<td>20</td>
</tr>
<tr>
<td>2010</td>
<td>251</td>
<td>15</td>
</tr>
<tr>
<td>2011</td>
<td>263</td>
<td>15</td>
</tr>
<tr>
<td>Jun-12</td>
<td>173</td>
<td>12</td>
</tr>
</tbody>
</table>

2012 KAA Conference
Distribution of I Cases in TW 2008-June 2012

2012 KAA Conference

- Accounting
- Entrepreneurship
- Finance
- General Management/Strategy
- International
- Management Science
Education Trends: Critical Thinking and Analytical Ability (4/6)

- Among 1,038 traditional Chinese versions of Harvard Business Review cases publicly listed, Finance & Accounting comprises 3.6%, and accounting cases total 10 (less than 1%).
- The numbers reveal that accounting professors/instructors, relative to other disciplines, do not seem to prefer the case teaching method as much.

<table>
<thead>
<tr>
<th>Area</th>
<th># of Cases</th>
<th>%</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Management</td>
<td>199</td>
<td>19.2%</td>
<td>1</td>
</tr>
<tr>
<td>Leadership</td>
<td>169</td>
<td>16.3%</td>
<td>2</td>
</tr>
<tr>
<td>Strategy</td>
<td>162</td>
<td>15.6%</td>
<td>3</td>
</tr>
<tr>
<td>Marketing</td>
<td>97</td>
<td>9.3%</td>
<td>4</td>
</tr>
<tr>
<td>Entrepreneur</td>
<td>96</td>
<td>9.2%</td>
<td>5</td>
</tr>
<tr>
<td>Special Collection</td>
<td>92</td>
<td>8.9%</td>
<td>6</td>
</tr>
<tr>
<td>Organization</td>
<td>87</td>
<td>8.4%</td>
<td>7</td>
</tr>
<tr>
<td>Technology and Operating</td>
<td>46</td>
<td>4.4%</td>
<td>8</td>
</tr>
<tr>
<td>Finance and Accounting</td>
<td>37</td>
<td>3.6%</td>
<td>9</td>
</tr>
<tr>
<td>Globalization</td>
<td>35</td>
<td>3.4%</td>
<td>10</td>
</tr>
<tr>
<td>Communication</td>
<td>18</td>
<td>1.7%</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td>1,038</td>
<td>100.0%</td>
<td></td>
</tr>
</tbody>
</table>

Source: Computed from Harvard Business Review Taiwan
http://www.hbretaian.com/

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Education Trends: Management Related Knowledge (1/2)

• IFRS requires financial statements to be consistent with managerial reports.
• Future accountants need to be equipped with more management related knowledge.
• Business schools should train accounting students to be attuned to broader bases of knowledge.
### Education Trends: Management Related Knowledge (2/2)

After 2010, accounting programs of Taiwan’s major universities on average lowered total required credits, mainly in accounting courses. However, required business related courses increased by 3 credits.

<table>
<thead>
<tr>
<th>Year/Average</th>
<th>Required Accounting courses*</th>
<th>Required Business Courses*</th>
<th>Other Required and Selective Courses</th>
<th>Total***</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before 2007</td>
<td>48.2</td>
<td>20.1</td>
<td>65.3</td>
<td>133.6</td>
</tr>
<tr>
<td>After 2010</td>
<td>42.6</td>
<td>23.2</td>
<td>64.2</td>
<td>130</td>
</tr>
<tr>
<td>Difference</td>
<td>-5.6</td>
<td>3.1</td>
<td>-1.1</td>
<td>-3.6</td>
</tr>
</tbody>
</table>

*Required Accounting courses including accounting principles, intermediate accounting, advanced accounting, management and cost accounting, taxation, Auditing.

**Required business courses including courses provided by other departments

*** Based on a web survey of 17 major universities in Taiwan
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Education Trends: Valuation Skills (1/3)

• Since IFRSs emphasize on fair values, how to assess the valuation process gains importance in accounting education.

• In IFRSs, the concept of fair value applies to inventory, fixed assets, real estate investments, financial instruments, intangible assets and liabilities.
Six statements of Valuation Standards have been released in Taiwan by the Valuation Standards Committee:

No. 01 : Summary of Valuation Standards (pronounced on Dec. 26, 2007)
No. 02 : Code of Ethics (pronounced on Aug. 13, 2008)
No. 03 : Valuation Report (pronounced on Aug. 21, 2009)
No. 04 : Valuation Process (pronounced on Dec. 31, 2009)
No. 05 : Valuation Worksheet (pronounced on Aug. 26, 2010)
No. 06 : Valuation for Purpose of Financial Reporting (pronounced on Feb. 24, 2011)
No. 07 : Intangible Assets (completed second revision on Apr. 13, 2012)
More and more universities in Taiwan offer **valuation related courses**.
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Education Trends: Incorporate mobile learning tools (1/6)

• The combination of wireless technology and mobile computing is resulting in escalating transformation of the educational world.
Education Trends: Incorporate mobile learning tools (2/6)

- Survey Mobile Services 2010 (University of Edinburgh, 1989 students)
  - 49% of students surveyed have smart phones.
  - 68% of students have monthly pay contracts.
  - 39% have a contract that gives unlimited access to internet.
  - 50% of students access Email and Facebook through their mobiles several times a day.
  - The top 3 potential University services which students would most like to see available from their mobiles would be:
    - Course Information
    - Exam and course timetables
    - PC availability in Open Access Labs.
• **Survey Mobile Services 2012** (National Chengchi University, 362 students)
  - 63% of students surveyed have smart phones. (14%+)
  - 56% of students have monthly pay contracts. (12%)
  - 92% have a contract that gives unlimited access to internet. (53%+)
  - 76% of students access Email and Facebook through their mobiles several times a day. (26%+)
  - The top 3 potential University services which students would most like to see available from their mobiles would be:
    - *Course Information*
    - *Teacher’s response to questions*
    - *Exam and course timetables*
• The use of mobile devices for both teaching staff and learners has blurred the line between formal and informal learning. For example, it may be much easier for instructors to contact students from Facebook than by email.
Therefore, it may soon be the time that we begin to incorporate mobile learning tools into course design for at least a small portion of our teaching.

Initially this may simply mean we acknowledge that some learners will interact with our course using mobile devices, and their behavior impacts how we choose to disseminate information.
Education Trends: Incorporate mobile learning tools (6/6)

- The use of mobile devices is here to stay and we can progressively accommodate this new platform to enhance our teaching and learning.
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• While undergraduate and master graduates in great demand, doctoral programs application and admission decreasing sharply.
Challenges Facing Taiwan Accounting Academics (2/4)

Application and Admission of Major Doctoral Accounting Programs in Taiwan

- Admission Quota
- # of Applicants
- # of Admissions

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• Except research universities, **faculty positions** saturating and recruitment slowing down

• With more laxed compensation restrictions, **faculty pay packages** still not globally competitive

• Fierce **draw of academic talents** by key universities particularly in China, HK and Singapore
• More students pursuing doctoral degrees in Taiwan and fewer overseas trained young faculty candidates returning for employment opportunities

• Encouraging doctoral students to apply for scholarships under the proposed “Higher Education Talents Policy” (MOE & NSC) and study/research at top universities around the world
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Conclusions (1/3)

• Due to major changes introduced by IFRSs, accounting education needs to adopt different pedagogical approaches.

• The principle based accounting requires students to understand what (is the concept), why (choose the accounting rule) and how (to apply accounting standard). Therefore, participative learning approaches including case studies, role plays and cross-examination debates, may be more effective in achieving some student learning goals.
• In the cultivation of future accounting professionals, management knowledge as well as valuation skills for both tangible and intangible assets will gain more importance.

• As the mobile learning era is drawing near, we may want to accommodate this new platform to enhance our teaching and learning.
Conclusions(3/3)

• With domestic demand focusing on better trained research faculty, opportunities of overseas training and corporation with researchers around the world are increasingly important.

• Exchange platforms such as the JAA/KAA/TAA Joint Panels and Paper Presentations can build a sound basis for more future corporations.
Thank You!

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