

International Financial Reporting Standards Education and its Inclusion in the Nigerian Curriculum

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Abstract

The complete compliance of Nigerian accounting academics and practitioners on IFRS since the transition has not been to its maximum as a result of certain obstacles and challenges that must be confronted. One of such challenges as been largely the incorporation of IFRS into the Nigerian educational curriculum as well as encouragement of quality staff training for practitioners. This exploratory study aimed to describe the role of quality training and education of IFRS to accounting students and accountants in Nigeria. This descriptive study makes use of secondary data through the use of qualitative content analysis for inferential assessment. The result showed that Nigerian Universities have concrete awareness on the need for curricula inclusion of IFRS education in schools as well as the training of practitioners. The study suggests the need for a IFRS education as a distinct accounting course in university. School libraries and other resource platforms such as information technology will have a great role to play in ensuring smooth incorporation of IFRS education.

Keywords: *Accounting standards, Education, IFRS, IFRS implementation*

Introduction

In Nigeria, IFRS adoption came with a series of promises as well as benefits to stakeholders and the economy at large. The standard tends to push financial reporting towards transparency and openness of business activities due to the detailed nature of the disclosure promoted by the standard. IFRS was therefore viewed as an avatar to the lingering issues in Nigerian financial reporting by serving the interest of stakeholders. IFRS came with such advantages as foreign direct investment (FDI), comparability, standardization, consistency, transparency, relevance, capital market and investment. The IASB, has frequently echoed the impact IFRS will bring globally, and also emphasized on the impact of harmonizing reporting which could mitigate against information asymmetries that occur in firms especially in developing economies and their market participant, (IASB, 2000). Due to the increase in

exposure of Nigerian businesses to international capital market, there has been a prompting need for high quality and timely financial information, (Iyoha, 2012).

However IFRS implementation in Nigeria has not been smooth to expectation. IFRS adoption in Africa have potential to be a benefit to many. Notwithstanding benefits, a number of problems that must be encountered during the adoption process of a new standard with the uniqueness of African ethics (Owolabi & Iyoha, 2012). World Bank report by (Hegarty, Gielen & Barros, 2004), addressed the issues to the successful implementation of any international standard. This report was able to identify certain hindering factors such as: Inadequate provision of adequate institutionalized incentives for rigorous application of international standards, Ineffective institutional regulation and Lack of human and financial resources. This work also identified the following as the impediment to a successful implementation of IFRS. These Impediments are: poor understanding of the nature of the standards, Inconsistency between International standard and legal framework, Poor linkage between the general financial reporting purpose and between regulatory reporting, also the inappropriate application scope of the standards.

Poor IFRS Education is one of the major potential road blocks of successful IFRS implementation identified by IASB. As a result of IASB objectives to contribute to the promotion and facilitation of IFRS. Accounting standards are only successful as their application in practice-even the best –written standards can be poorly applied, (the International financial reporting standard foundation (2005). Based on the forgoing, the IFRS foundation embarked on the educational support for IFRS adopters in 2005 as the *Educational Initiative*. Despite this, survey proves the level of IFRS knowledge is relatively low then cite the survey/study as the level of knowledge can be gauged with the familiarity level of both academics and professionals (United Nations, 2008).

To this end, the study's main objective is to find out the factors that could affect proper IFRS education in Nigeria. Our main research question is therefore: what are the factors that are affecting proper IFRS education in Nigeria?

Literature Review

IFRS representation refers to a globally unified commitment aimed at the formulation of a single set of high quality understandable and enforceable, globally acceptable accounting standard with a primary aim of providing clearly comparable and transparent financial information in public interest through the general purpose financial statement, (Herbert, 2010).

Financial Reporting Council has acknowledged that In its road map, the IFRS implementation requires a more technical preparation at the country level and entity levels. This is to ensure the coherence and then provide clarity to the authorities that IFRS will have in relation to other existing national laws, (NASB, 2010). Prior to IFRS /IAS introduction, the adaptation of individual nation's GAAP prevailed the world, owing to the fact that this GAAP's are engrained deep in legal, cultural and economic uniqueness (Adeyemo, Alege, and Iyoha, 2015).The preparedness level of any programme of knowledge both at major and minor levels can always be measured by the level of the familiarity of phenomenon both at the academic level and professional level (Amanda & Eddy, 2008; Nassar, Uwuigbe, Uwuigbe & abuwa , 2014).

IFRS has defined and specified how specific types of financial transactions and other material activities should be represented in the financial statement, Herbert, Ene and Tsegba (2013). The significance this information is to provide guidance to stakeholders on the framework of actions for IFRS adoption and to enable them envisage the requirements for the transition in terms of technology, skills and competence that are indispensable to achieving smooth transition, Isa (2014). IFRS have been embraced many

countries around the world as the global benchmark for conducting and reporting financial transactions. The growing list of countries that have adopted IFRS and the compliance level in these countries define IFRS' acceptability by the international business community (Herbert, Ene and Tsegba, 2013). The Nigeria's IFRS roadmap information content is not inclusive and adequate enough to guide the stakeholders towards effective planning of the transition that guarantees solid foundation for successful IFRS implementation specially, that the education and awareness dimensions did not provide information sufficient enlighten the stakeholders through the transition (Isa, 2014).

Obstacles to Effective IFRS Implementation

he challenges to the full integration of IFR into the Nigerian system include: high cost of transition and project planning (Sudalaimuthu & Jesintha, 2011) Corruption as its obstruct good policy, developmental activities and innovation (Reinikka & Svensson 2005; Samimia & Abedinib, 2012); the development of new laws and amendments of existing ones to manage conflicts between existing legislature and IFRS provisions (Madawaki, 2012); coordination and communication transition plan (Obazee, 2009); absence of efficient capital market (Lin, 2012); lack of IFRS education and appropriate accounting technology (Madawaki, 2012) and development of workable timeline (Winney et al., 2010).

Education as a major key player has ensuring the smooth running of a standard for proper compliance and interpretation. This study of finds the major roadblocks to the adoption of IFRS, which are (i) The lack of education, understanding and experience by the financial statement preparers using IFRS; and (ii) The lack of IFRS coverage conventional accounting curricula, Herbert, Tsegba, Ohanele and Anyahara (2013).

Research Method

The approaches used to study the implementation of international accounting standards get mixed reaction, however there are no specific methods that has been accepted as adequate in producing results (Ali, 2005; Lin, 2012). Caution is therefore raised during the interpretation of results, (Lin, 2012). No consensus method exists in the literature for identifying the challenges in complying with IFRS requirements. Therefore, the study collected additional data from personal interview to provide a further understanding of the difficulties in IFRS implementation from accounting practitioner and academics.

The literature suggests that different methods can be used to investigate the challenges in international accounting standards harmonization. Gernon & Wallace (1995) recommend the application of primary data while Ali (2005) recommends a combination of different methods to investigate the challenges in applying single accounting standards across the world. The study applies qualitative content analysis which involves interpretative phenomenology to obtain the accounting regulators' interpretations of the challenges companies faced. The focus includes accounting regulators interpretations of the difficulties.

The study also utilized secondary data, for this explanatory research, making use of the qualitative content analysis of previous and similar research works. This is to obtain knowledge of already concluded research, analyze their findings and come up with my conclusion. The concept of analysis of content development is delineated and the basic principles are explained (for example, unit analysis, step models, working with categories, Validity and reliability), Mayring (2000). Content analysis can be defined as a useful research technique in making replicable and valid inferences by interpreting and coding textual material, by systematically evaluating text such as graphics, documents, and oral communication. Content analysis is a research method that entails the summary of large text contents into a few based on established rules (Stemler, 2001). It opens up a researcher into deeper insights and understanding of a phenomenon (Krippendorff, 2012) since it pulls together the ideas of various literatures into a single. A key feature of content analysis is that it is feasible to pull together already generated data without launching into the field and it can be reliable when applied to recorded statistical data (Ikeagwuani & John, 2013). This method was previously used by (Mayring, 2000; Stemler, 2001;

Krippendorff, 2012; Ikeagwuani & John, 2013; Chen & Zhang, 2016; Dooley, 2016; Burgess, Cameron, Cuttle, Tyack & Kimble, 2016; and Kalatpour, & Farhadi, 2016)

The analysis based itself on several research literature of similarity with this study. While inferences will be based on the understanding extracted from the four.

Content Analysis of Existing Literature

(Amanda & Eddy, 2008), revealed a study undertaken in the United States of America by KPMG produced a statistics of 22% of 535 professors have already incorporated IFRS in their curricula (Moqbel & bakay, 2010) in 2010 looked into the preparedness of the United States towards the adoption of IFRS; by examining the US academics accounting and auditing students and professors as well as practitioners are ready to embrace IFRS. They conducted a survey using questionnaires on respondent in Texas University and some junior high schools. The study found out that, though the US is not yet posed to full adoption of IFRS but they have started engaging in training.

(Nassar, Uwuigbe, Uwuigbe & abuwa , 2014) a year later focused their studies on the integration of IFRS in accounting curricula in Nigeria. Data for this research was majorly collected from primary sources through the use of 240 copies of questionnaire being distributed to a sample of 4 private universities in Nigeria. The study used the regression analysis test statistic, one sample t-test and chi-square analysis to test the hypotheses and to validate the model specified. The result gives a pointer to the readiness of accounting education for the adoption of IFRS. The results revealed that IFRS adoption factors influence the inclusion of IFRS in university curriculum. It also revealed that students are aware of issues which relates to IFRS meaning they have sufficient knowledge of the standard. The research recommends more efforts to aid the training of educators and the provision of training facilities to aid proper integration of IFRS in the curriculum.

Isa (2014). His paper assesses the dimensions of IFRS transition roadmap information content and its adequacy in guiding IFRS transition in Nigeria. Data were generated through self-administered questionnaire on 140 accountants that yielded 75.71% usable responses. Descriptive statistics and regression were used for the data analysis. It is discovered that the information content of the roadmap is not inclusive and inadequate to drive the transition to a successful implementation of IFRS. The information dimensions on education and awareness creation are not significantly contained in the roadmap.

Herbert, Tsegba, Ohanele and Anyahara (2013), research on the Nigerian preparedness in the adoption of IFRS. This research focused a sample of 105 respondents as feedback out of the population of all Federal, state and private universities in the south eastern and south south regions of Nigeria. The study also included accounting professionals in banks, finance and insurance firms in the same geopolitical zone. Which follows a similar one conducted in the United States of America by Rezaee, Smith and Szendi (2010); Moqbel and Bakay (2010). The results of the study overwhelmingly evidence that Nigeria was not prepared to adopt IFRS, even to date. The study suggests evidence suggests that by 2014, not all the financial regulatory agencies, most banks, insurance companies and institutions of higher learning have the operational framework to support IFRS implementation, two years after the country adopted the standards. According to Herbert, Tsegba, Ohanele and Anyahara (2013) The question remains whether the 2012 adoption date was feasible due to the implementation challenges and the level of unpreparedness prior to and till date.

Findings and Conclusion

Table 1: hindrances to the effective education of IFRS

(1)	Cost implication	Cost of training, provision of resource and other implicit cost on abandoning local GAAP, and adjustment of other legal frameworks. (Herbert, Tsegba, Ohanele and Anyahara 2013)
(2)	Attitude to change	Some persons might be prone to resist change due to poor enforcement of standards on informal sectors and other unregistered businesses.
(3)	Complexity of standard	Standards are far more detailed to the local GAAP and would require extra meticulous preparation and reporting
(4)	Unavailability of adequate IFRS educational materials resources	Resource materials for appropriate education such as library books, e-books, and other resource and facilities
(5)	Insufficient facilitating man power	Not many available facilitators to train accounting practitioners and academics

- Urgency of the review of accounting curriculum has been found to be a very important policy implication, especially in tertiary education system to the incorporation of IFRS and IPSAS.
- All levels of Government, accounting institutes, private and public companies, regulatory agencies and accounting bodies should invest in training their faculty members in becoming adequately knowledgeable in IFRS.
- Establishment of medium such as capacity building seminar, educative groups and other educational mediums available at a cheap rate in order to facilitate proper understanding of standard thereby promoting implementation
- Fastracking of IFRS Education in order to boost IFRS knowledge and competencies
Information technology is a great deal of asset which can help, accountant (academic and practitioners), financial analyst and auditors to aid in complete IFRS transition. For instance a firm's decision as to the choice of software to use, change in software such as enterprise resource planning (ERP) in management information system, integrating areas such as inventory, accounting, purchasing, financing, human resource and mark

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