THE PLACE OF GLOBALIZATION ON ACCOUNTING EDUCATION IN NIGERIAN TERTIARY INSTITUTIONS

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Abstract
This paper investigates the place of globalization on Accounting Education in Nigerian tertiary institutions. It examines how globalization has integrated the economies of countries of the world, including Nigeria. It addresses the introduction of global accounting standards by International Federation of Accountants (IFAC) and how countries are expected to adopt these standards in financial reporting. These standards have however posed a major challenge to accounting educators, teaching content and methodology. This study concludes that there is an immediate need to train and re-train accounting educators, review accounting curriculum and lay less emphasis on theoretical methodology in order to make Accounting courses interactive and interesting for the maximum benefit of all stakeholders. It recommends that the curricula of our tertiary institutions should be reviewed to incorporate IFRS so that our accountants and auditors will be conversant with IFRS guidelines and standards.

Key words: Globalization, Accounting Education, Accounting Curriculum, Accounting Standards.

1.1 INTRODUCTION

Globalization describes the result of advances in communication, transportation and information technologies, growing economy, political, and linkages that connect individuals, communities, business and government around the world. Globalization also involves the growth of multinational corporations and transactional corporations (Akabueze, 2002 and Azobi, 2010). The international institution that oversees world trade and finance play an increasing important role on this era of globalization. These institutions are the:

- International Monetary Fund (IMF)
- World Trade Organization (WTO)
- World Bank

These three institutions trade their origins to the end of World War II (1939-1945).

Globalization has been defined as a set of economic processes that deal with trade in goods and services enhance cross border finance such as foreign direct investment and migration in search of employment. (Velde, 2005). The definition took a narrower meaning when
Ohuabunwa (1999) defines it as an evolution which is systematically restructuring interactive phrases among nations by breaking down barriers in the areas of culture, commerce, communication and several other field of endeavour. On the other hand, Todaro and Smith (2009) see it as the process of increasing integration of the economies of the world, leading to a global economy and increasingly, global economic policymaking, for example, through international agencies such as the World Trade Organization (WTO). Thus within the context of its core economic meaning, globalization refers to the increased openness of economies to international trade, financial flows and foreign direct investment (Kruger, 2002). Globalization involves businesses and accounting is the language of business since it tells the story of business transactions that have financial implications (Orijioke, 2002).

The increasing integration of the economies of the world has increased the size of the international marketplace (Olamide, 2010). Advances in information technology as well as reduction of obstacles to free trades, more open societies, capitalism and the popularity of entertainment have increased the rate at which businesses are carried on around the world. It is not very easy to pass international boundaries that otherwise would not have been crossed. In addition to human and material resources, entrepreneurship and capital, companies are attracted to international business by the sheer size of the global marketplace (Boone and Kurtz, 2005).

Accounting is always practiced in virtually every business dealings. Accounting is a discipline that involves the process of measuring, interpreting, and communicating financial information decisions (Ezeani, 2008). The main objective of accounting is to provide information necessary for economic decisions (Boone and Kurz, 2005). Ngenegbo (2001) and Ishaq (2011) defined accounting as a field of study read as a course in the school of Business Education and in Faculty of Management Science in institutions of higher earning. According to Obazee (2007), accounting is an important element of this evolving market and can support or undermine the efficiency of a market. The lack of common accounting requirements around the world serves as a significant impediment to economic globalization by restricting an investor’s ability to make informed decision about investment alternatives.

There is different Accounting Standard or Generally Accepted Accounting Principles, (GAAP) all over the world. The methods and rules used in the preparation of accounts are known as Accounting Standards. Financial accounting statements are prepared on the basis of a regulatory framework based on this Accounting Standard (Egwuonwu, 2007). The Organization for Economic Co-operation and Development, (OECD) defined accounting standards as methodologies and disclosure requirements for the preparation and presentation of financial statements mainly known as Generally Accepted Accounting Principles, (GAAP). The Generally Accepted Accounting Principles, (GAAP) vary from one country to another. There is a US GAAP, a UK GAAP and Nigeria GAAP. According to Oduware (2010) and Azobi (2010) GAAP refers to:

- Local company law such as Company and Allied Matters Act, (CAMA), 1990.
- The accounting standards that are applied. In Nigeria this would be the Nigeria Accounting Standards Board (NASB) Statement of Accounting Standards.
- Conceptual statements issued by the body that issue accounting standards.
- Other local rules such as listing rules for financial reporting, for companies whose shares are listed and traded on a major national stock exchange.
The introduction of this standard poses a great challenge to both accounting educators and their students amongst others. The need for harmonization of financial accounting and reporting standards on which financial statements in different countries are based has been met by the issuance of International Financial Reporting Standards (IFRS) (Fowokan, 2011). The main objective of this paper therefore is to review the role globalization and accounting has played in the economy, examine the challenges of globalization with respect to accounting education and the strategies for overcoming these challenges in Nigerian tertiary institutions.

2.1 IMPLICATIONS OF ACCOUNTING TO THE ECONOMY

Accounting provides indispensable services to the world and the societies at large. Accounting provides information to various users of financial statements for informed decision making. These users include investors, employers, employees, lenders, suppliers, customers, tax authorities, governments and their agencies (Ezeani, 2008). This is implied in the definition of accounting by the American Accounting Association (1966) as the process of identifying, measuring and communicating economic information to permit informed judgment and decision by users of the information. The services provided by Accountants impact positively on the economy. One of such services is the preparation and audit of financial statements.

Financial statements, made up mainly of trading, profit and loss accounts and balance sheet show the profit or loss situation at the end of an accounting period while the former shows the asset and liability position of the business entity at the end of the accounting year. These statements enable users of accounting information evaluate performance, profitability, soundness and efficiency of the business entity for decision making purposes. Financial statements are also audited. The auditor’s job according to Chikwendu (2009), is to provide the financial statement base on ‘true and fair view’. The auditor in providing the above view should based on accordance with the principles as contained in Companies and Allied Matters Act (CAMA), Banking and other Financial Institutions Act (BOFIA) and Statements of Accounting Standards (SAS), he has done his job and this will go a long way in safeguarding the interest of investors and create room as well for improvement in the management of the organization.

Accountants play a huge role in analyzing such investments on behalf of their clients. The increase in cross border investments in capital markets of international countries has necessitated the scrutiny of stocks on the stock exchange markets. Investment decisions involve capital expenditures; its two important aspects would involve the evaluation of the prospective profitability of new investments and the measurement of a cut-off rate against which the prospective return of new investments would be compared (Pandy, 2004). In other words, reliance is made on accounting information for investment analyses purposes. Investing activities are one of the three basic activities involved in accounting. Accounting also plays a key role in financing as well as operating activities which focus on selling goods and services and ensuring that expenses incurred are taken care of regularly.

Bankers and other lenders rely on financial statements prepared by accountants to evaluate the soundness of a potential borrower of its resources. Accountants minimize or reduce costs for the economy so that the resources available can be used efficiently to meet expenditure and develop the economy. This ability to reduce costs stems from the prudence concept which allows accountants to make provisions for losses and not to over anticipate gains or profit. They are also able to plan and control business activities through budgets prepared by accountants.
Specific benefits of accounting to the economy include the following:

- Development of capital markets and lower costs of capital;
- Improved economic and social policies and management of the economy with reliable information;
- Enhanced ability to mobilize domestic capital and attract foreign investors and Lenders;
- Improved financial stability at both national and global levels;
- More efficient and effective management of domestic enterprises and increased competitiveness (UNCTD, 2004; Garuba and Donwa, 2011; and Ejike, 2012).

From planning to budgeting, resource allocation to mere recording of financial transactions, accountants in all strata of the economy should not be relegated to the background but should be encouraged for the development of the economy. Accounting therefore is very important to the success of every economy.

2.2 CHALLENGES OF GLOBALIZATION

Globalization by linking up national economics throws up tremendous opportunities and threats for business. It provides access to move competitive sourcing of inputs, improves the availability of information, and creates opportunities for beneficial business partnership with foreign businesses. According to Akabueze (2002), globalization is the result of several developments and processes that generally linked together. These include the:

- Growth for the multinational enterprise.
- Internationalization of financial markets.
- Development and diffusion of communication and transport technology.
- Deregulation liberalism.
- Privatization of public sector.
- Increased coordinating role of the international financial institution such as IMF and the World Bank on governance policies.

Globalization can also be seen as a composite of four elements according to Bretherton and Ponton, (1996) in El-RufaiNasir (2006), thus:

- Technological change
- The creation of a global economy.
- Political globalization and;
- Globalization of ideas.

The above elements are helpful as they constitute a reasonable historical assessment of the nature of globalization.

Globalization had both negative and positive aspect (Akabueze, 2002). Among the negative aspects are the rapid spread of diseases, illicit drugs crime, terrorism and uncontrolled migration. On the other hand, among the positive aspects which globalizations benefit are a sharing of basic knowledge, technology, investment, resource and ethical values. The most dramatic evidence of globalization is the increase in trade and the movement of capitals such as stocks, bonds, currencies and other investments.
With globalization, societies have always been interconnected with one another not only spatially but also sequentially (Ezeani, 2012). Globalization has no doubt made impact in Nigeria as could be seen in individuals, Nigerian banks, communication and accounting profession. This study focused on the accounting education/profession. According to Azobi (2010), as accounting profession changes rapidly the occurrences in the business environment changes, therefore, there is need for accountants’ duties to change as well. The nature of work been performed by the accountant always changes, since he has to adapt to the universal development. Supporting the above view, Ishaq (2011) affirms that the increase competition for professional accountant needs to make information for providing the business type of environment. The rate of this competition on the other hand, will increase the globalization and development of more software packages on accountant’s jobs and the attractiveness of the profession (Ezeani, 2012). The demands for traditional accounting services have increasingly become stagnant hence the rapidly changing business environment changes the need for non-accounting services.

2.3 CHALLENGES OF ACCOUNTING EDUCATION AND GLOBALIZATION

Globalization has made the business world get smaller. Investors now have access to the securities and exchange commission of countries outside their borders. To ensure comparability of financial statements across borders, the International Financial Reporting Standards (IFRS) was introduced. Accountants everywhere now find it harder to remain insulated from what goes on outside of their countries’ borders (Pounder, 2006).

In Nigeria, every company is expected to convert to IFRS between the years 2012 and 2014 (Ejike, 2012). Obviously, there is a great need to train accountants and other stakeholders on the necessary knowledge and skills to be acquired for this conversion. According to Fowokan (2011) and IFRS (2007), emerging markets need to develop, implement and train on accounting standards in order to be a part of international convergence which is necessary for a single global high quality set of financial reporting standards to meet the objective and needs of economic globalization. This is an immediate challenge for accounting educators who have to be trained in order to review the necessary aspect of their curriculum, update their teaching materials and impart this knowledge and skills to their students.

Three key implications of this situation for Nigerian accounting educators in tertiary institutions according to Garuba and Donwa (2011) are;

- The Nigerian economy is still developing and needs all the contribution it can get from the Accounting profession.
- Accounting educators in tertiary institutions are the ones who will prepare their students to be the workforce in the globalised world. They are however faced with the cost implications of acquiring the necessary knowledge and skill.
- Information and Communication Technology will play a huge role in getting around this challenge.

The challenges being faced by institutions are not limited to Nigeria. There are several reasons United States schools have delayed adding IFRS framework to their curricular (Egwuonwue, 2007). Shin (2009) emphasized that whether United States schools are ready or not, IFRS has come to stay. Author reported that in a survey of professors carried out by
American Accountants Association/KPMG, thirty-five percent of respondents were of the opinion that administrators have little or no understanding of the effort needed to make the change, seventy-five percent were of the opinion that their key challenge will be developing curriculum material while sixteen percent were of the opinion that their schools will fund training for professors. Challenges therefore generally range from lack of knowledge by management of tertiary institutions to curriculum development and also funding.

2.4 STRATEGIES FOR OVERCOMING THESE CHALLENGES

Nigeria’s tertiary institutions, particularly the universities, must re-engineer all the necessary skills in its students (Olagbemiro, 2009). Generally, there is no doubt that educators in tertiary institutions need to be thoroughly equipped to teach students in this millennium. They do not only have to be equipped in their core area of competence but should be knowledgeable about the happenings in the globe. These skills include ability of students to be global and innovative in thoughts and outlook be curious and creative with risk taking; be able to develop interactive communication with emphasis on social and personal skills; work collaboratively; acquire basic scientific and technological skills; develop academic curriculum which competes well locally and internationally, be culturally literate and acquire full proficiency in Information and Communication Technology (ICT).

Specifically, the accounting educators need to regularly attend trainings, workshops and seminars organized to acquire knowledge and skills that pertain to IFRS. The professional accountancy bodies in Nigeria regularly organize trainings on global business practices at a cost to the participants. Aside from the Institute of Chartered Accountants of Nigeria (ICAN), the Association of National Accountants of Nigeria (ANAN) has started organizing trainings for its members. There are other professional training centres in Nigeria who offer free training and orientation exercises on standards such as Aj Stracon. Accounting educators should make themselves available when such opportunities arise in order to meet the challenges in the business world. Funding for these trainings can be sought from the various tertiary institutions, professional accountancy bodies in Nigeria and the big audit and consultancy firms.

Many online learning sites abound where one can learn about IFAC and IPSAS. Information and Communication Technology (ICT) have become very powerful tools for diffusing knowledge and information. The emergence of ICT has created the possibilities of new learning horizon designed to link students to the global network of information and ideas (Olagbemiro, 2009). One of such is the International Association for Accounting Education and Research (IAAER), which promotes interest in all aspects of accounting education and research to educators, researchers and other interested professionals internationally. Also, IFAC offers guidance materials and publications that can be downloaded free of charge from their online bookstore. The implication is that both staff and students need to be well prepared in computer skills and in using new software.

The teaching methodology will lean towards the use of cases rather than only theoretical teaching. According to Shin (2009), resources needed for teaching the new standard to accounting students should include tapes of lectures organized on IFRS, transcripts, actual case studies and case solutions, These can be obtained from professional bodies and the big accounting firms on social responsibility basis. Obviously, ICT would still play a huge part in the use of the resources mentioned.
Obviously, textbooks would have to be rewritten immediately while the necessary foreign texts should be imported by their major distributors. The major problem with these texts is the huge costs involved. These can be subsidized by Education Trust Fund, the big audit firms, professional accountancy bodies and the institutions of higher learning. There is also a great need to restructure the tertiary accounting education curricula to fit the globalization movement and produce desirable learning outcome. This might mean a change in some tertiary accounting courses content. This would involve accounting subject specialists, curriculum planners in Nigerian Educational Research and Development Council, (NERDC), parents and other stakeholders.

3.1 CONCLUSION AND RECOMMENDATIONS

Globalization has not only created the need for continuous education for stakeholders in accounting but has also created a gap in accounting curriculum which has to be met in order to produce graduates who will be the global workforce of the future. It is important that graduates of accounting in Nigerian tertiary institutions are thoroughly prepared to function within Nigeria and the global economy.

3.2 RECOMMENDATIONS

Based on the findings and conclusion of the study, the following recommendations are made:

1. There should be a linkage programme between the NASB, in conjunction with the NUC and professional accounting bodies as to design a programme for fast tracking the teaching and learning of IFRS in Nigeria tertiary institutions, so as to equip graduates of accounting with the required skills and knowledge to meet the expected surge in the demand for IFRS professionals.

2. Professional accountancy bodies in Nigeria and the big audit firms should reduce costs of training in IFRS for those in the education sector.

3. In order to achieve effective training and capacity building needed for effective implementation of IFRS, and IFRS centre of excellence should be established. That is training should entirely dedicated to the teaching and learning of IFRS, so that classroom sessions are blended with real life situations.

4. Accounting educators should make accounting interactive and interesting for their students in order to make them master their courses.

5. The curricula of our tertiary institutions should be reviewed to incorporate IFRS so that our accountants and auditors will be conversant with IFRS guidelines and standards.

6. All accounting educators must be ICT compliant in order to function effectively as teachers in the globalised world. They should be able to teach with projectors, have regular access to the internet and also use it to train themselves.
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Note: Nigerian Accounting Standard Board is now Financial Reporting Council of Nigeria.