



ACADEMICS AND EDUCATION INSTITUTIONS SUPPORT TO SUCCESS INTERNATIONAL ACCOUNTING STANDARDS IFRS CONVERGENCE (IN PALEMBANG, SOUTH SUMATRA, INDONESIA)

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Abstract: This study is an exploratory study on the implementation of IFRS convergence roadmap set by the Financial Accounting Standards Board. Convergence of Accounting Standards and IFRS is essential to be implemented and cannot be delayed due to the influence of globalization in various sectors. Since the implementation of the convergence, it faces many obstacles in the field. Researcher wants to know the obvious description of the implementation of the roadmap. Therefore researchers conducted an exploratory study on the implementation of IFRS convergence. This study used a survey method which involves professionals in the field of accounting especially academics staff. This survey focuses on the implementation of IFRS convergence is currently associated with the roadmap that has been determined. The data used is primary data obtained from interviews using structured and open instrument Marshal. The instrument was chosen because it can provide information about the individual's knowledge and perception of IFRS more easily. While the secondary data used in this study is the data on the convergence of IFRS Roadmap Implementation of relevant agencies, libraries and some sources from the internet in the form of previous literature studies. Data obtained from the questionnaire was analyzed using analysis qualitative techniques. Based on descriptive analysis results, it is known that the convergence of IFRS has been implemented in the curriculum but the rate of absorption is different. The results of descriptive analysis also showed that studies and discussions have not sufficient. Existing studies is still very minimal while the discussion was still limited. The results also showed that the support of the university is good enough but the average university has not emphasized / burden on the convergence of IFRS and the biggest obstacle faced is the training supports which are still quite expensive.

Keywords: implementation, roadmap, convergence, IFRS

I. INTRODUCTION

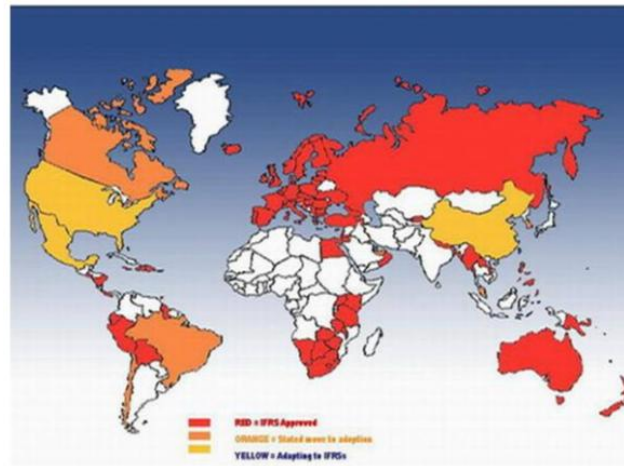
In 2009 leaders of the G-20 met in Pittsburgh and produce various agreements. One of the points that have been agreed upon is about the convergence of international accounting standards no later than June 2011. This agreement is an affirmation of the declaration item of the G-20 meeting in Washington DC before that demanding a single standard of high quality global accounting. This is a formidable task, especially for financial professionals. Accounting standards Convergence is basically an attempt to relieve some differences in slowly through the cooperative efforts between the IASB, national standard setters and other groups who want the best solution for accounting and reporting problem (choi: 2010).



Each state has its own agency to regulate financial reporting standards. For example Indonesia, have Indonesian Accountants Association (IAI) is issued Statement of Financial Accounting Standards (SFAS) as the only standard that is accepted as the ' language of business ' in Indonesian companies. Other countries such as the United States have the Generally Accepted Accounting Principles (GAAP) which was released by the Financial Accounting Standards Board (FASB). The EU has International Accounting Standard (IAS) issued by the International Accounting Standards Board (IASB). If every country use their reporting standards, it is very possible that individual differences in turn cause problems with each other, especially in international transactions or multinational companies. Differences rules or standards that occur could cause significant differences in value and make difficulty to compare financial statements one with another. Standard differences can lead to difficulty in making business decisions and ultimately inhibits the activities of international businesses.

Another question that emerges is what the convergence of accounting standards that can be used as a reference? One that can become a reference standard is the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). IASB previously known as International Accounting Standards Committee (IASC) is an independent standard-setting body for the private sector which was founded in 1973 by professional accounting organizations in nine countries and restructured in 2001. Before the restructuring, the IASC issued 41 International Accounting Standard (IAS) and since 2001 was changed to International Financial Reporting Standards (IFRS). Furthermore, many countries began to follow IFRS. In 2002 the European Court ruled that all EU countries should follow IFRS starting in 2005. In the same year the Americans also do the convergence of IFRS with the execution of the Norwalk Agreement between the IASB and the Financial Accounting Standards Board (FASB) America. Australia is another country that has been announced adopts IFRS in 2004. China, Canada and Japan are the next country to announce such convergence in 2005. As can be seen in Figure 1.1, red states are the countries that have IFRS approved while yellow area is for the countries that adopting the IFRS and finally orange area is for the countries that moved to adoption.

Figure 1
Countries Adopting IFRS

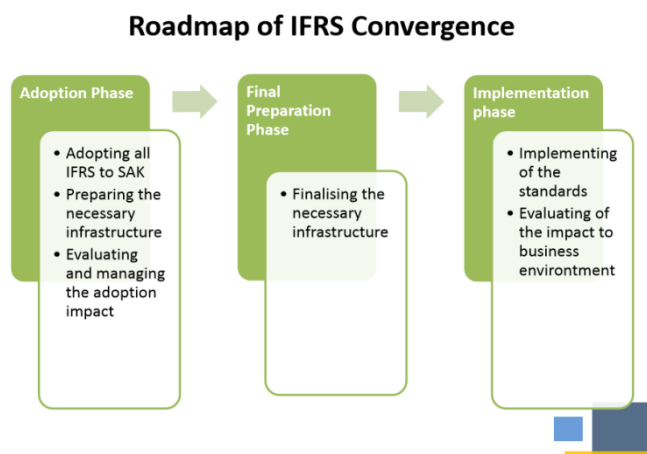


Source: University of Southern California. Web. 23 Nov. 2011.

Indonesia as part of an economic world already has work plans through the roadmap which issued by DSAK (Financial Accounting Standards Board) regarding the application of IFRS in Indonesia (wulandari, 2012) as follows:

Figure 2

Roadmap of IFRS Implementation in Indonesia



Source: wulandari, 2012

However, implementing international accounting standard convergence requires preparedness among many other include companies, management accountants, public accountants, academics, regulators, and other professions support (auditinternal.com). The company in this case the management accountant is required to be ready adjustment its accounting practices to support financial decisions. Public accountants are expected to immediately update their knowledge refers to changes in GAAP and Public Accountants Professional Standards (SPAP) based on IFRS in audit process. Academic Accountants / University staffs are expected to form a successful team to update the knowledge of IFRS convergence, revise the curriculum and



syllabus as well as perform a variety of related research and provide input feedback for the convergence process. Regulators need to update regulations related to financial reporting and taxation. Therefore, the implementation of the roadmap becomes easy. IAI through its officials gave different statements. They claimed that academic area has been prepared and ready to adopt IFRS. Two members of the National Board, Djoko Susanto and Ilya Vianti, believes that if IFRS were adopted in 2012, Indonesia has been prepared through IAI by some preparation efforts, including in the main organizers of the college environment PPA (Main Report Indonesian Accounting; 2009). They have made some seminars and training and discussion about the curriculum and syllabus adjustments in accounting educators compartment. However, Djoko stated that there are still some problems especially to prepare reference and textbooks literature related IFRS. Almost all text books come from US so still adopt U.S. GAAP or US oriented. Khomsiah, accounting educators board members, acknowledged many obstacles to prepare the textbooks, but IAI have socialized about how important to adjust IFRS rule in curriculum or syllabus in many universities (Main Report Indonesian Accounting; 2009) In addition, many associations also held local workshops training for the trainers (TOT) for the faculty which are projected to teach IFRS. The chairman of accounting educators board (KAPd) Na'im (2009) explains that professionalism in higher education and colleges have responsibility to make up the curriculum or syllabus. KAPd just provide guidelines or standards for accounting education in Indonesia. Based on the above conditions researchers interested to study about Academics and Education Institutions Support to Success International Accounting Standards IFRS Convergence (In Palembang, South Sumatra, Indonesia). The research goal is to obtain a description of the various issues related to the implementation of IFRS in academics so become a reference to implement IFRS in the future. In addition, this research is expected to provide input for policy makers in accounting, Indonesian Accounting Standard Board. Finally the results are expected to be used by universities to develop accounting education.

2. RESEARCH METHODOLOGY

2.1 Research Design

The study was conducted by field surveys and literature studies on various aspects of IFRS convergence. The factors and indicators which derived from the variables were analyzed to evaluate that implementation. Its design is as follows:

1. Problem Formulation. The Formulation of problem needs to be performed in conducting an investigation. It also used to determine the questions to be used in research.

2. Data Collection

Data collection was done by field survey with questionnaires and literature study was done also related to the convergence of IFRS roadmap and implementation by using regulation from Indonesian Institute of Accountants who set up regulations in the field of Indonesian accounting standards.

3. Data Analysis Phase



The data continue analyzed by qualitative descriptive analysis techniques in order to obtain an overview the responses of academics on IFRS convergence which has been running.

4. Conclusion

The final stage of the research process is to make conclusions and suggestions which can provide insert and can be used as literature for further research.

2.2 Data Collection Method

This study collected primary data and secondary data in order to run qualitative analysis.

- a. Primary data is obtained directly from the respondents by Interviewing using structured questionnaires which adopted from marshal instrument.
- b. Secondary data was obtained through a review of the literature study on the implementation of the convergence reports by IAI

2.3. Analysis method

This study used qualitative technique for findings a description of the implementation of IFRS convergence in Indonesia.

2.4. Population and Sample

This study use the survey method of research that is conducted on a large or small population, but the data is the samples that taken from the population, so that the relative occurrences, the distribution and the relationship between sociological and psychological variables were found. The variables studied in this research are the implementation of IFRS Convergence. Object of this research is in the field of academic area of accounting. Therefore, in this study population was associated with IFRS convergence in academics while the sample is taken with a nonprobability method (purposive random sampling method). Purposive random sampling is used to define the way in which researchers determine the sample of respondents is based on the assumption that informants can provide exact data, complete and accurate.

2.5 Operational Definition

The operational definition is often described as a researcher specification activity in measuring the variables. Operational variable is an element of research that tells how to measure a variable. An operational definition will be able to explain a phenomenon appropriately. The following table describes the operational variables used in this study.

Table 1. Variable Operational

Variable	Dimension	Indicator
IFRS convergence implementation	Adoption stage	adoption of IFRS
		preparation of Infrastructure



		Evaluation of Adoption Impact
	Preparation Phase	Infrastructure Settlement
		Gradual application of IFRS
	implementation phase	Full Implementation of IFRS
		Evaluation of IFRS Implementation Impact
IFRS convergence Constraints	The Rule Based principle which used is different with the Principles based that previously used.	The principle difference clarity
		number of new and updated standards related to based changes
		Possibility of interpretations diversity
	Certainty about the IFRS adoption regulator office.	Clarity about the main regulator in accounting standards
		Clarity on the regulatory agency
		Clarity on State autonomy in internal standard determination
	The difference in Company size and the integration stages phase	implementation usefulness
		Rapidity of integration stage implementation
	Implementation Cost	Software investment
		Training staff
Education and Training Gaps	availability of competent human	



		resources
		availability of training required
		Availability of required literature

2.6. Research Instruments

Research instrument in this study is the Questionnaire. All data is classified into indicators constructed in the questionnaire instrument. The list of questions to be presented to respondents who answered a list of questions has been prepared. List of questions regarding the implementation is in open question form. Then the data analyzed qualitatively. This study uses an instrument marshal (Winney, 2010) examine the adoption of IFRS in the United States. Questions for Academics include:

- a. In what courses do you believe IFRS should first be integrated?
- b. What percentage of course content relates to IFRS now, next year, in five years?
- c. When was IFRS integrated into your curriculum?
- d. How successful and receptive are students to learning IFRS vs. GAAP?
- e. Do you discuss IFRS convergence among your peers?
- f. What are the names of actual courses in which IFRS is taught?
- g. How are you preparing students (accounting majors) regarding IFRS?
- h. Which, if any, textbooks are used?
- i. Has any personal IFRS-related research been conducted? Any paper published?
- j. Opinion whether U.S. should implement IFRS or not?
- k. Biggest stumbling blocks to teaching IFRS?
- l. Emphasis of Dean on integrating IFRS
- m. Does your university or department plan to offer a stand-alone course in IFRS?
- n. Who is responsible for teaching IFRS at your university?
- o. Does your university plan to develop an IFRS course for professional CPAs?
- p. Are you an active CPA?
- q. What course(s) do you normally teach?

3. RESULTS

To explain the implementation of IFRS on academics then the following summary data of the interview, this was conducted by academics:

Table.2. summary data of the interview



for Academics							
1	1. a. In what courses do you believe IFRS should first be integrated?	Financial Accounting, Auditing and Tax	Financial Accounting and Tax	Financial Accounting and Auditing	Financial accounting	Total	
	Amount	5	2	4	3	14	
	percentage	36%	14%	29%	21%	100%	
2	2. What percentage of course content relates to IFRS now, next year, in five years?	This year, one-third	This year, two-thirds	This year, all	Next year, 60%	Next year, all	5 years, all
	Amount	9	4	1	7	7	14
	percentage	64%	29%	7%	50%	50%	100%
3	3. When was IFRS integrated into your curriculum?	before 2010	between 2010 to 2012	from 2012	Total		
	Jmlh	3	9	2	14		
	Percentage	21%	64%	14%	100%		
4	4. How successful and receptive are students to learning IFRS vs. GAAP?	difficult	quite difficult	quite Easy	easy	Total	
	Amount	3	5	5	1	14	
	percentage	21%	36%	36%	7%	100%	
5	5. Do you discuss IFRS convergence among your peers?	ever	frequently	At the seminar / Socialization / Training	At the beginning of class schedule	Total	
	Amount	7	7	9	8	14	
	percentage	50%	50%	64%	57%	100%	
6	6. What are the names of actual courses in which IFRS is taught?	Introduction to Accounting	Intermediate Financial Accounting	Advanced Financial Accounting	tax	Audit	Total
	Amount	8	7	2	7	4	14
	percentage	57%	50%	14%	50%	29%	100%
7	7. Which, if any, textbooks are used?	Introduction to Accounting (IAI)	Intermediate Financial Accounting (Dwi Martani)	Tax (Sukrisno Agus)	Financial Accounting (Kieso)	Total	
	Amount	7	12	9	10	14	
	percentage	50%	86%	64%	71%	100%	
8	8. Has any personal IFRS-related research been conducted? Any paper published?	Yes	No	Total			
	Amount	2	12	14			
	percentage	14%	86%	100%			
9	9. Opinion whether U.S. should implement IFRS or not?	be necessary to	not necessary to	Total			
	Amount	12	2	14			
	percentage	86%	14%	100%			
10	10. Biggest stumbling blocks to teaching IFRS?	literature	training	different concept	None Difficulty	Total	
	Amount	8	7	4	1	14	
	percentage	57%	50%	29%	7%	100%	
11	11. Emphasis of Dean on integrating IFRS	no	mildly	yes	Total		
	Amount	4	8	2	14		
	percentage	29%	57%	14%	100%		
12	12. Does your university or department plan to offer a stand-alone course in IFRS?	no	Total				
	Amount	14	14				
	percentage	100%	100%				
13	13. Who is responsible for teaching IFRS at your university?	Course lecturers	financial accounting	Total			
	Amount	14	14	14			
	percentage	100%	100%	100%			
14	14. Does your university plan to develop an IFRS course for professional CPAs?	yes	no	Total			
	Amount	3	11	14			
	percentage	21%	79%	100%			

3.1. Overview of Study Object (Sample)

The object of this study is academics in the field of accounting associated with the IFRS implementation. We obtained 14 data from academics staff. We realized it is



still inadequate but occurs because the questionnaire should be asked directly to the respondent and thus require a long time to process the data confirmation.

3.2 Implementation of IFRS in academic Area

Based on these data it identified the following:

a. IFRS integration in courses and curriculum

IFRS has been integrated into courses at all universities, but profundity and frequency is quite diverse. The courses are most affected by the IFRS convergence is financial accounting particularly intermediate financial accounting. As for other subjects, in the opinion of academics has not been affected too much this may be because in Indonesia as well as tax and audit has its own standards. For auditing practices, in terms of the inspection procedure has not changed much. But in terms of determining the fairness of financial statements still refer to the new standard. For example in the case of using fair value then the auditor may express an opinion "adverse opinion" if the company did not apply the standards consistently. Although there were some respondents who expressed that IFRS integrated on Financial Accounting course, Auditing and Taxation, but the majority of respondents agreed that financial accounting course is the most intensively discussed the convergence of IFRS. Most of the respondents stated that the application of IFRS in the lecture quite easily. The majority of respondents did not have difficulty implementing the changes in IFRS. In depth interviews with respondents the main difficulty is the difference in concepts / principles and foreign terms, but with the existing literature and references that can be overcome. Currently in the city of Palembang Indonesian Institute of Accountants (IAI) in cooperation with the faculty (academic staff) throughout the university in Palembang has designed textbooks Introduction to IFRS based accounting. It assisted greatly in teaching IFRS. For Intermediate Financial Accounting and Taxation has provided a national literature that is widely used but for the advanced courses are still using foreign references.

b. IFRS Review and Discussion

For studies on IFRS, most Respondent say never or have never held a study or research or related publication IFRS. This suggests that while IFRS has agreed to apply but have not done much research on IFRS in the city of Palembang. For some professional colleague discussion, more discussion is done on the forums, seminars and training courses, and some performed in a university lecture preparation process. The data shows the majority of respondents said companies must adopt IFRS convergence. They evaluate the convergence is important, necessary and beneficial, especially in large enterprises.

c. University Support on IFRS

All respondents indicated that up to now there is no special course of IFRS but some respondents said that already has a plan for specific subjects IFRS primarily for professional accountants albeit in a non-formal format. Most universities have not



focused on the convergence of IFRS the accounting. It was also evident from the responsibility of teaching IFRS is only charged on related subjects' lecturers.

d. Constraints

Based on the overview of the interview results we can see that there are still many obstacles perceived by the respondents related to the implementation of IFRS convergence. For academics, the biggest obstacle is the lack of training and supporting literature. Existing training is also difficult to follow because of the cost involved.

4. CONCLUSION

Based on the research and analysis conducted, the following conclusions can be drawn:

1. Based on the results of the descriptive analysis it is known that the convergence of IFRS is already in the curriculum but in a different absorption rates.
2. Based on the results of the descriptive analysis and discussions in mind that the study has not been done. Studies there are still very little while the discussion is only the beginning of the lecture.
3. Based on the results of the descriptive analysis it is known that the support of the university is good enough but the average university has not been emphasized in the IFRS convergence.
4. Based on the results of the descriptive analysis, the biggest obstacle is encountered in the literature support and training is quite expensive.

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