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Accounting education





Teaching accountants

The changing business environment is altering Hong Kong's approach to accounting education, writes *Cookie Micaller*

The latest credit crisis spooking financial markets everywhere has underscored the fact that our complex business world requires a new breed of accountants. Is Hong Kong ready?

Companies spreading their operations across borders are demanding graduates who can deal with sophisticated technical work and blend well in multifaceted work environs. They are looking for in-house talent and advisors who can give them help with forensic investigations, internal controls, corporate finance, risk management and corporate governance.

Hong Kong has more accountants than most of Asia's economic powerhouses like Japan, Singapore and South Korea (*see table A*), but the demand for dynamic and multitask-oriented graduates has never been greater.

"We are one of the biggest international financial centres in the world, so we provide services

to industries in finance, banking, accountancy and consultancy. All require talents with international outlook and competency in English and Putonghua," says Stella Cho, an accounting professor with the Hong Kong Baptist University and the United International College in Zhuhai, where she is helping the school develop its business and management division. The college was set up together by Baptist University and the Beijing Normal University.

"The expectations of employers, particularly from large enterprises and the Big Four, are much, much higher than before. They want all-around students with intellectual, social and technical skills," Cho says.

Core changes

Many Hong Kong universities regularly meet with the Big Four, the Institute and foreign and local experts to get a pulse of what employers look for in graduates

when designing their curricula.

"Accounting education has changed 180 degrees," Ferdinand Gul, who heads the school of accounting and finance of The Hong Kong Polytechnic University, tells *A Plus*. "It started off as very technical. Now, we teach the subject to allow students to think and solve problems in a changing global business environment."

The university brought accounting, economics, finance and law under one department in 2004 to strengthen students' ability to learn complex accountancy issues.

"In a big problem, there are several dimensions when you try to solve it," Gul says, citing the raging U.S. subprime crisis as an example. "It's a financial crisis but it has an impact on human resources, marketing, international trade, logistics and maritime or shipping."

His university melds such real-world accountancy concerns in classroom discussions.

Kevin Chen, chair professor and head of the accounting department

of the Hong Kong University and Science and Technology, has seen how accounting education at the school has evolved with corresponding changes in the profession over the past decade.

For example, Hong Kong used to follow U.K. accounting rules, but when the former British colony converged with international standards, Chen started teaching International Financial Reporting Standards, along with the mainland accounting rules and the U.S. Generally Accepted Accounting Principles.

of business at The University of Hong Kong, says she uses a combination of mass lectures, group presentations and discussions and case studies plus tutorials to spice up her students' learning experience. Accounting professors make use of video presentations, simulation and role-playing in classroom teaching.

Similarly, The Chinese University of Hong Kong has also introduced case study components in all accounting courses, which are comparable to the Institute's qualification programme, on recommendation of the school's

approach enables students to bring in and apply knowledge they learned from other courses."

One case developed recently was on the Chinese telecommunications industry, which covers accounting issues such as market valuation and asset valuation, as well as general business issues related to restructuring, she says.

Hong Kong's universities are closely tracking changes in China's taxation systems and business regulations and integrate them into the curriculum to better prepare students for cross-border work, educators say.

Cho says she makes it a point to include China taxation in her courses. She proposes the inclusion of more subjects that deal with mainland taxation, business laws and regulations in the accounting curriculum of Hong Kong universities.

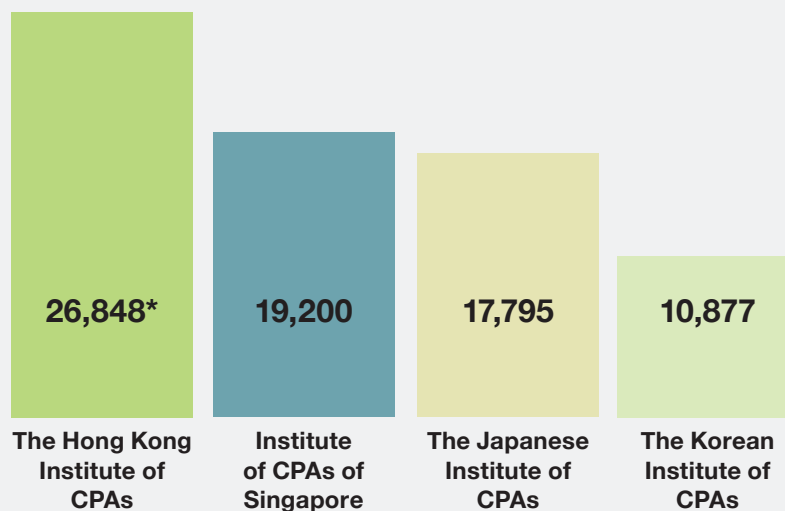
Ethics and corporate responsibility

The fall of U.S. energy giant Enron Corp. in 2001 and other corporate failures because of fraudulent auditing and accountancy practices have sparked calls for a more serious academic focus on ethics.

The Enron scandal prompted some employers to suggest that business ethics be included as a course in HKUST, which introduced the subject two to three years ago, according to Chen. "We spoke to employers about the ethics issues. This is something they wanted in the courses."

When he teaches auditing at Polytechnic University, Gul says he always uses Enron as a classic example of a corporate failure triggered not just by a flawed accounting procedure, but by poor corporate governance and poor organizational behaviour.

Table A: Different institutes' membership (as of December 2007)



*Membership as of September 2008 is 27,876.
Source: HKICPA, ICPAS, JICPA, KICPA

"Before, it was too complex. You have the U.K. standards, the mainland standards, the Hong Kong standards and the U.S. GAAP," Chen recalls. "But now, there's only one – the IFRS."

The university has also incorporated business strategies in their courses to give students a broader perspective.

Amy Lau, chair professor of accounting and director of the school

advisory board, which includes practitioners from the Big Four and other accounting experts.

"Cases are developed by either our staff or devised by experts, and designed to develop the analytical, problem-solving and presentation skills of our students," says Alice Chui, the school's professional accountancy programme director. "The integration of such



Table B: QP enrolment

As of September 2008: ...	13,392
2007:	15,000
2006:	12,000
2005:	8,000
2004:	4,000
2003:	3,000

Source: The Hong Kong Institute of CPAs

“We try to teach our students ethics and teach them corporate social responsibility. Firms have a social responsibility to the society where they operate. Firms cannot just take profits and make themselves rich. They have to return to the society,” Gul says.

Lau at The University of Hong Kong says its accounting subjects, be it financial or management accounting, or auditing, delve into ethical dilemmas. “Once the students have an idea, we talk about it, what they should do, who they should call, what are the protections available,” she explains.

Lau says she often asks her students to imagine what they would have done if they were Cynthia Cooper, the internal auditor who exposed the accounting fraud at WorldCom, the second largest U.S. telecommunications company that filed for bankruptcy in 2002.

“We have to expose our students to this kind of situation. Whether or not they will observe ethical practices, it’s up to them, but we have to teach them ethics,” she says. She invited experts and representatives from the Independent Commission Against Corruption to share actual cases with students.

Beyond technical skills

Teachers say what their graduates need are good language, communications and leadership skills.

“In Hong Kong, what’s lacking is not the academics. What’s lacking is the communication skills of the students,” Chen says.

Three to four years ago, Chen recalls, foreign professors noticed students’ reluctance to take part in classroom discussions and traced it to a lack of English fluency. The university therefore made English courses compulsory for first and second



A vital springboard

The Institute's qualification programme, crafted by practitioners, academics and other experts, has grown leaps and bounds since it was first introduced in 1999 and is now one of the world's most competitive, says Jonathan Ng, director for education and training.

It is also recognized in Europe, South Africa and Australasia, giving accredited CPAs a chance to practice there.

It acts like a final quality control filter to ensure accountants possess technical competence, high-level professionalism and ethical values demanded by today's bustling business world.

"Our programme listens to what the market wants," Ng says. To keep accountants abreast with the latest accounting trends, the Institute regularly meets with business leaders, government regulators,

employers and the academia.

The QP is now undergoing a structural review, which is done every five years, Ng says. A draft consultation paper will be released by year-end for public comment before the programme is updated in 2010.

"Hong Kong is an open market. Other overseas bodies are coming in. They will compete with us," Ng says. "Part of the reason why we're doing the review now is to make sure that our programme meets the international standards."

The QP's enrolment has increased five-fold over the past five years, reflecting the programme's growing popularity and widening influence. A total of 13,392 people have enrolled in the programme as of September and this year's figure will likely surpass the 15,000 mark for the whole of 2007 (see *table B on p.27*).

According to Ng, 80 percent of accounting graduates are choosing to take the QP route to qualification.

Eric Li, an Institute past president and architect of the QP, says multinational financial firms want employees who have qualified through the QP.

"The acceptance is not by face value. They send experts to tear everything apart. But our QP is still regarded as the most advanced educational model for training professionals," Li says, "And the results are very clear."

The Institute's subsidiary, the Hong Kong Institute of Accredited Accounting Technicians Ltd., has created a new accreditation model starting June next year to make its curriculum more relevant and hone the skills of accounting technicians who support the CPAs and finance professionals, Ng says.

year students and asked professors to monitor progress.

Gul at The Hong Kong Polytechnic University noticed the same phenomenon: He once found that half of his students were unable to speak or write clearly in English.

"We have tried in the last three years to improve their English language. The students are very good in technical areas. If you ask them to sit for any kind of exams, solve problems, they will do well. But in soft skills, they need more support."

Educators say a good step forward is a government plan to extend the university curriculum from three to four years, starting 2012. Students with an extra year have more time for internships, overseas exchange programmes and community services to bolster their

leadership skills and other talents.

"I think that would probably help Hong Kong produce better quality graduates whether in or outside accounting," says Cho of Baptist University. "It's important in a sense because a four-year curriculum will provide more room for generic and professional education, which is indispensable for preparing students for the real world."

Internships and mentoring programmes give students better chances of landing a job, be they the Big Four or other small and medium-sized businesses.

According to Chui at The Chinese University of Hong Kong, their accounting graduates receive an average offer of 2.5 jobs from the Big Four and other accounting or commercial firms. At HKUST, about two-thirds of

its graduates work for the accounting giants and about 80 percent of Hong Kong University graduates join Deloitte, Ernst & Young, KPMG or PricewaterhouseCoopers.

"Accountants are employed when there is a crisis," Gul of Polytechnic University says. "When the company grows, when the economy grows, they are also employed."

Eric Li, Institute past president and a senior partner at Li Tang Chen & Co., says Hong Kong students nowadays are fortunate to enjoy wide-ranging services and support from the universities and professionals bodies in becoming world-class accountants.

"Hong Kong students are now very lucky. The economy is wide open with opportunities," Li says. "They can just choose and pick jobs." **A+**