Creative destruction of accounting and finance education?

Forces of change

AFAANZ

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Head of Education
CPA Australia

1 July 2018
Creative destruction
End of the line
Creative destruction meets higher education

... higher education is headed for “creative destruction,” a profound structural and economic shift in favor of employers, students and parents. The future will be grim if you run one of the colleges or universities ... unwilling to embrace dramatic change ...

Massively Open Online Courses (MOOCs) are driving this creative destruction. ...

Opportunities abound for entrepreneurs willing to participate in higher education’s creative destruction.

Source: Backus J. 19 May 2013
Accounting & finance education forces of change

Driving forces
- technology
- competition
- employer expectations
- student expectations
- credentialing

Restraining forces
- regulation
- accreditation
- culture
- funding
DRIVING FORCES
Technology

Change

1920 2014 current future?

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Competition Cost

Total cost of a business degree, US dollars, 2011-12

Source: Iyanna, S. 2012

Total cost of international university studies
US dollars, 2014

Source: HSBC, 2014

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### Competition Quality

Australia’s & New Zealand’s Accounting & Finance programs ranked in the world’s top 50

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Source: QS 2013-18
Importance of qualification for current employment
Percentage rating the qualification as ‘very important’ or ‘important’

- Education
- Health
- Architecture and Building
- Engineering and Related Technologies
- Natural and Physical Sciences
- Society and Culture
- Agriculture and Environmental Studies
- Creative Arts
- Information Technology
- Management and Commerce

Source: QILT 2017
Employer expectations

Degrees of separation: companies shed degree requirements to promote merit over qualifications

... Ernst & Young got rid of all degree requirements in 2015, explaining that a candidate’s degree had no correlation to their future job performance.

... PriceWaterhouseCoopers ... relaxed their degree requirements in recent years to hire people based on merit, rather than credentials, often by assessing candidates with psychometric testing or other performance based tests.

... Deloitte, have chosen to hide which university an applicant graduated from. The aim is to limit the “prestige” associated with an institution, so as to more accurately test the abilities of the applicant.

... That some companies are relaxing degree requirements raises new questions about the value of a university education. The question is whether these few companies are outliers or the forerunners of a new trend of preferring merit over qualifications.

Source: The Conversation, 17 April 2017
# Employer expectations

## Most important selection criteria when recruiting graduates

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<tr>
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<th>Accounting</th>
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<tr>
<td>Interpersonal and communication skills (written and oral)</td>
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<tr>
<td>Critical reasoning and analytical skills</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Passion / Knowledge of industry</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Cultural alignment / Values fit</td>
<td>4</td>
<td>6</td>
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<tr>
<td>Calibre of academic results</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Emotional intelligence</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Work experience</td>
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<td>5</td>
</tr>
<tr>
<td>Teamwork skills</td>
<td>8</td>
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<tr>
<td>Activities</td>
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<tr>
<td>Leadership skills</td>
<td>10</td>
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Source: Graduate Careers 2014
Student expectations

- Future skills
- Make a difference
- Work integrated learning
- Digitally enabled

Study-work-life balance

Bite-sized, cumulative, portable credentials

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Credentialing

Source: Adapted from The Conversation, 2018 based on Gallagher S, 2016.

Traditional, accredited institutions

- Bachelor degrees
- Masters
- Doctorates

Non-institutional providers

- Professional certifications
- MOOC-based certificates
- Nano-degrees
- Badges
- Micro-masters
- Certificate programs
- Certificates of compliance

Unbundling curriculum

Zone of growing convergence

Future?

Individuals re-bundling / ‘staking’ micro-credentials

University partnerships

Current

Longer, broad

- Bachelor degrees
- Masters
- Doctorates

Shorter, targeted

- Certificate programs
- Micro-masters
- Certificates of compliance

Source: Adapted from The Conversation, 2018 based on Gallagher S, 2016.
RESTRAINING FORCES
## Regulation

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<th>Criteria</th>
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<td>Performance-based standards</td>
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<td>✔</td>
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<tr>
<td>Professional skills</td>
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<tr>
<td>Other credentials</td>
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**BE HEARD.**  
**BE RECOGNISED.**
# Accreditation

## APPENDIX 2 COMPLIANCE WITH ‘UNIVERSITIES AUSTRALIA / PROFESSIONS AUSTRALIA JOINT STATEMENT OF BASIC PRINCIPLES FOR ACCREDITATION’

### PROFESSIONAL ACCREDITATION STANDARDS

<table>
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<tr>
<th>Accreditation Agency</th>
<th>Outcomes Based</th>
<th>Flexibility</th>
<th>Benchmarks</th>
<th>HE Context</th>
<th>TEQSA Aware</th>
<th>Consult Stakeholders</th>
<th>Publish</th>
<th>Review</th>
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</table>

MOU Accepts TEQSA registration as sufficient for QA and governance

Source: PhillipsKKPA 2017

### Performance-based standards

- ✓

### Professional skills

- ✓

### Other credentials

- ❌

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[CPA Australia Logo]
“Some staff viewed the accreditation guidelines as prescriptive and hence leaving little room in the curriculum for other topics and orientations. By contrast, other staff expressed the view that their institution was reluctant to change and used the accreditation requirements as a reason for inaction.”
Funding

Cross subsidisation of research from the surpluses of teaching

$2013 billion

Source: Grattan Institute, 2015
FUTURE PROOFING
What are we doing

Reforming our education offerings

CPA Program review

Supporting change

raising awareness

engaging in the policy and funding debate

reviewing accreditation

My Capability Plan

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Things for you to think about

- Unbundle and re-bundle credentials
- Embrace technology
- Advocate change
- Nurture students’ work capabilities
- Offer flexible study and assessment options
- Challenge misconceptions

Be Heard. Be Recognised.
Thank you

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