A Review of U.S. IFRS Conversion Leading to Organizational Change Readiness Mishaps

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Abstract

The purpose of the article is to review the International Financial Reporting Standards (IFRS) convergence and its effect toward organizational change initiatives. It is expected that IFRS will replace U.S. GAAP in the near future. Most importantly, in 2010, the Securities and Exchange endorsed the convergence of IFRS and also urged firms to switch from the existing U.S. GAAP guidelines to the IFRS. Additionally, the Big 4 CPA firms have also endorsed the implementation of IFRS. Most interesting, the American Institute of Certified Public Accountants (AICPA) has suggested that IFRS would be included in all Certified Public Accounting (CPA) exams starting in January 2011. From an educational perspective, this article will review U.S. universities/colleges accounting curriculums for student academic preparedness. At the end, recommendations will be offered to streamline IFRS throughout organizational and educational spectrums.

***Index terms*—** leadership organizational development, learning organizations, organizational learning, organizational development interventions, organizational chang

1 Introduction

n an effort to stay abreast organizational change initiatives as they relate to accounting principles and practices, the Securities and Exchange Commission (SEC) made it mandatory for publicly traded firms to follow the International Financial Report Standards (IFRS) when reporting quarterly financial in the upcoming future **??**Zeff&Pacter, 2008). As a result, this article will analyze current global financial trends and recommendations that will be afforded for organizational change and financial restructure initiatives. Also, a review will be how

A "Roadmap for the Potential Use of Financial Statements" has been established by the SEC. Additionally, Big 4 CPA firms have IFRS concept as the sole financial principles and practices used for financial reporting (U.S. Securities and Exchange Commission, 2010). According to Thomas, "the effort to join the international financial community in a single set of standards has been in motion for 40 years" **??**2008, p.369). This means that organizational change must take place from a financial perspective. According to Rivero, "organizational change continues to be arguably the solution to remain competitive for most United States mid/large organizations. For several years, studies have suggested that swift organizational change initiatives are needed to stay ahead of organizational competitors" (2013b, p.169).

With changes to U.S. accounting practices and principles, there will be anticipated additional costs for organizations to incur. A study suggested that there will be significant infrastructure cost changes that will include, but will not be limited to, training and development and the implementation of new software (Thomas, 2009). Dean (2009) further state that although IFRS is recognized as the sole accounting principles and practices embraced by all organizations in Australia (regardless of the sector, private or public), not all sectors were able to transcend seamlessly. Additionally, "? financial reporting requirements are time consuming and extremely costly and, in small councils where resources and staff are scare ? resources allocation is especially significant with respect to infrastructure repair and replacement" (Pilcher& Dean, 2009, p. Australia and it was required of all organizations (private and public) to follow IFRS accounting guidelines. U.S. business school universities/colleges have adjusted their accounting curriculums for the upcoming financial reporting requirements so that undergraduate/ graduate students are better prepared for the upcoming new wave of financial reporting requirements. e-mail : Edellemus@Hotmail.Com e-mail: orivero01@yahoo.com (Corresponding stay ahead of their competitors (2013b, p.169). As is, studies have suggested that organizational change has a 70% failure rate ??Kotter, 2010). This being said, the added financial restructure will create turmoil in the Table ?? : and is that "accounting students must begin graduating with substantial international accounting knowledge" (p. 40).

2 III. Recommendations

The authors of this article propose the following recommendations for implementation of the U.S. IFRS processes. 1. Universities/colleges need to update curriculum in standards. This requires the involvement of university leaders to take the helm to lead the movement of change. 2. Federally funded workshops should be considered to retrain seasoned accounting professionals.

3 The Federal Government needs to consider having

an open forum with business leaders to discuss U.S. IFRS and its convergence timetable schedule. 4. Accounting and business professionals need to be informed of new U.S. IFRS standards that will be in effect and the steps needed to stay abreast of new educational initiatives. 5. Establish a partnership among U.S. colleges and universities in order to form mentorship/workshop programs for business owners and managers to have a better understanding of current financial treads.

4 Conclusion

U.S. IFRS is inevitable and the U.S. government needs to create a sense of urgency to prepare U.S. business leaders. Also, educational administrators/ presidents need to lead the momentum in an effort to update accounting curriculums U.S. universities / colleges, so that students are better prepared for new financial reporting challenges. [1] [2] [3]

Figure 1:

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Additionally, IFRS implemented
in 2005 was in

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Leadership, Managed Effective

Communication.
Author)
Author ?:

Figure 2:

workplace among employees. The need to establish organizational interventions is imperative in order to streamline the convergence from the U.S. ??AAP

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