UNDERSTANDING AND IMPLEMENTATION OF THE COMPETENCY-BASED APPROACH TO FINANCIAL CONTROLS EDUCATION

Ruslana DIMITROVA

Abstract

The Competency-based Approach lies in the heart of modern and quality tertiary (higher) education and its consistent implementation is a guarantee for effective learning process. The study aims to provide a framework of the model of this approach and its potential to improve education in financial controls. The aim is achieved through a review of scientific literature, practical experience and observations of the author in her capacity of a teacher. A competency-based model is presented and its constituent elements such as structure, level and degree of development are described. Specific recommendations to its implementation into the learning/teaching process and the assessment of students’ competences have been given. The implementation of this model will contribute to the formation of competent accounting and auditing professionals.

Keywords:
Competency-based approach, competence, competency, competency-based model, financial controls.

The basic challenge of university education in our country is related to the quality of training and preparation of competent and competitive specialists. The studies so far are explicit in their conclusions that the requirements of the labour market are not met (Danev, 2015). The Universities are facing the dilemma whether to solve or further deteriorate the problem. The practice of countries having traditions and success in higher education shows that the competency approach forms the idea base of the strategy for its successful solution. By this approach the focus of the training process aims for the results related to the building of competent, adaptable and competitive experts who are able to work in a rapidly changing multicultural environment and possessing the inner mindset for risk-taking and life-long learning.

In this context the present study aims at introducing a framework of the competency model for financial control training which allows the development of professional and general competencies in students consistent with the business needs and their future employment as accountants and auditors. Combined with the study of the theoretical aspects of the competency approach and its possibilities for application in

1 Department of Accounting and control, University of Economics – Varna, Bulgaria, e-mail: ruslana.dimitrova@ue-varna.bg
the financial control teaching process, a model for students’ training will be introduced, too.

In order to research the possibilities of the competency approach in financial control training the scientific literature is reviewed concerning its history, basic concepts, methodology and application in the accountancy and audit training. In recent years it has been studied from different points-of-view, both in countries with long-existing practice of its application in the instruction process (Ford, 2014; Abbasi, 2013), as well as from scientists in Romania, (Andone, 2007), Russia, (Efremova, 2012) and Bulgaria (Borisov, B., M. Bogdanova, 2008; Penchev, 2011). Regardless of this, there is a lack of research concerning its application and results in financial control training.

There are different theories about the origin of the competency approach (Tonkovich, 2011). One of them states that it arose at the beginning of 90s, in order to explain the discrepancy between the societal demands and labour market and the instruction of graduates in the educational establishments. Another theory relates it to the Bologna process (Vetohin, S.S., O.V.Grablevskiy, 2014) and the TUNING project. (Gorilev, I. A, Ponomareva E.A, Rusakov, A. V., 2011). Competences-based education – CBE is established in the 70s in the USA. The authors who studied the development of this innovative approach in education classify it into three stages (Zimnyaya, 2004):

- **The first stage (1960-1970)** – within the boundaries of this period the competency approach is applied mainly in the field of language and foreign language education. The first attempts are made to discriminate between the terms “competency” and “competence”, and the concept “communicative competence” is introduced in relation to the different language competences.

- **The second stage (1971-1990)** – in this period the terms competency and competence began to be applied in the sectors of economy, politics, management, culture and management, leadership and communication training. John Raven gives a detailed interpretation of the term competence and defines it as a phenomenon which “comprises a large number of components, many of which are relatively independent and could be replaced one another in order to cause effective behavior”. (Raven, 2002). At the same time, he emphasizes that "skills" are "motivated abilities, which add values". His idea is developed in theory and one can discriminate from 3 to 37 types of competences which began to be applied tangibly and consequently assessed in education.
The third stage (1991-2000) – the competency approach came into existence in humanitarian sciences (sociology, pedagogy, psychology and others), whereas competence as a scientific category is related to educational results. What is characteristic for this period is that the world organizations also undertake actions for changes in education and the competency approach becomes a priority. Examples, in view of the above are:

- A report from the International commission on education for the XXI century “Learning: The Treasure Within“ (Delors, 1997), in which Jacques Delors defines the “four pillars”, on the basis of which the modern education should be built: we should be learning to know; we should be learning to do; learning to live together and learning to be. In this way he determines the core groups of global competences to which the world education needs to endeavour.

- The documents from the Berne symposium in 1996 under the program of the European Council for key competencies in education reform (Vatsov, 2009);

- Lisbon Strategy; Bologna program and other materials for education modernization. (Baydenko, 2009)

According to some authors (Vatsov, 2009) a fourth stage in the development of the competency approach can be differentiated, too. They assume that it started in 2001 and continues till present days. It is characterized with the fact that the approach becomes widely applicable in the countries in the European Union, Russia, the USA and has a paramount importance in modern education all over the world. The national education standards in the majority of the countries comply with the Bologna declaration concerning its application. The period 2005 - 2014 was declared by UNESCO as the decade of “Education for Sustainable development”. The international scientific community adopts, studies and refines the competency approach as a perspective for improving the quality of the education and life of modern man.

The key concepts in the methodology of the competency approach are ”competency” and “competences”. In the western scientific literature these two concepts are often used as synonyms (Mihalkina E. V. Skachkova L. S., 2011), whereas in Russian (Hutorskoy A. V., Hutorskaya L. N., 2004; Zvezdova A. B., V. G. Oreshkin, 2010) and Bulgarian scientific literature (Ivanova, V. F., Ilieva, Y. D., Petrova, R. G., 2014) there are different interpretations which are more frequently consolidated around the definitions specified in the official documents with the introduction of European and international standards in education. In the European Qualifications Framework the competency is interpreted as a proved ability to use knowledge, skills and personal,
social and/or methodological facts in work or learning situations, both in professional and personal development. However, **competences** in the field of some activity are viewed as a complex command of specific knowledge, skills and behavior model in a flexible manner. Competence is the willingness of the individual to organize efficiently internal and external resources for reaching the goals and the ability to solve a specific class of professional tasks. In this respect the competency in certain field is viewed as a sum of competences (knowledge, skills, attitudes, experience) which are needed for effective activity. (EQF, 2009)

The analysis of the two terms shows that “competency” in its meaning is more comprehensive and it encompasses motivation and the person’s willingness to apply the acquired knowledge, skills and experience into action in order to achieve results in a specific sector. This is exactly what the main difference between competency and traditional knowledge and experience boils down to. By its nature it is integrative, has a direct relation to the qualities and personal value system and has a practical application. This justifies the attempt of the majority of researchers of this phenomenon to consolidate around the definition that “competency is a competence in action” (Homskiy, 2005).

There are different classifications of competences in scientific literature: behavioral and technical, which are consequently divided into generic and specific (M. Armstrong); general (key) and functional (specific); basic and distinctive (L. Spenser and S. Spenser); „transformational” (M. Zwell). Apart from that, a group of generic competences are united into “clusters”. The competences classification made above has a managerial purpose. (Vachkova, 2006; Tomov, 2010)

For educational purposes the competences discussed by some authors are differentiated into: social; professional; communicative; informational; academic, whereas other authors distinguish: general (universal, key, high professional) and professional (special, subject- specialised) (Zhuk, 2009). Within the frames of the international project TUNING 30 types of competences are differentiated which are further united in three groups: system; instrumental and interpersonal (Lyubimov, 2013). According to The European Qualifications Framework (EQF, 2009) the competence can be: cognitive, which implies the use of both familiar and hidden, gained by experience knowledge; functional (skills and know-how), the things one has to do in work, education or social environment; personal, which implies behavioral skills in a particular situation; ethical, which is related to the personal value system and professional ethics.

In practice it is essential to make the difference between qualification and competency because “qualification is a skill to do a job professionally well whereas com-
competency is a skill to comprehend profoundly this job and be aware of its results” (Sokolov, 2010)

In training undergraduates in the major financial control it is advisable to take into account the comprehension of competency and competences which were set out in the International Accounting Education Standards Board (IAESB) (Labuintsev, 2007; IFAC, 2008; Fadeykina, 2008). The International Education Standards (IES) for accountants and auditors are developed by the International Federation of Accountants (IFAC). The basic idea of the standards is to define the minimal requirements for the qualification of the professional accountants in three sectors: educational and professional knowledge; practical experience; a system for constant and ongoing update of knowledge and skills. The purpose is on one hand to develop and establish the accountancy profession worldwide, and, on the other, to guarantee a high quality of the provided professional accounting services. Therefore, in them one can find defined the sector of knowledge which has to be made an allowance for in the specific program for training professional accountants but its content is not specified in details. It is advisable to harmonize the university curriculum with those of the professional institutions and develop them on a modular basis, so that the graduates are able to continue as professional accountants. The recommendations concerning the professional accountants training are set out in seven international education standards. In a separate standard are pointed out the requirements related to auditors’ training. There one can find the general requirements for education and professional level and the recommended knowledge a professional accountant has to possess. For that purpose in IES1 Requirements for introducing curriculum for professional accounting training and IES 2 Initial professional preparation (IPP): the technical competency is proposed a three modular structure including: accountancy and the related knowledge; organization and management of business; information technologies. The structure of the curriculum is unified and concerns both accountants and auditors. The comprehension of the Anglo-American school in accounting is adopted, thinking that the accounting qualification is wider than the auditor’s one. Though, there is a difference made between the term” professional accountant who is viewed as an active participant in the managerial and tax policy of the company, and an accountant, who performs routine, operative accounting activity.

The requirements and recommendations concerning competences, competency, experience and ethics of the professional accountant are reviewed in IES 3 IPP: professional skills, IES 4IPP: professional virtues, ethics and attitude, IES 5 IPP: professional experience. The concepts for ability, competency and qualifications of the certified accountant are defined.
What is understood by ability is the personal characteristics allowing to perform the role of an accountant. They are grouped in the following directions: intellectual abilities; methodological and functional abilities; personal abilities; interpersonal and communicative abilities; organizational skills and business management skills.

What is understood by competency is the person’s ability to perform the role of professional accountant in compliance with the standards, i.e. this is a skill to demonstrate results in the working environment.

What is understood by qualification is that the person has obtained an assessment for competency. In IES 6 IPP: assessment of professional competency set out the abilities and competences which need to be assessed in order to obtain the qualification of certified accountant. The abilities which have to be assessed as a result of training are grouped in: professional skills; professional habits; professional values, ethics and attitudes.

The competencies are viewed as a result of the performance of: standard activity (functional, managerial and interpersonal); and standard behavior (ethic, professional behavior, demonstrating professional skepticism, professional development).

In IER 7 Additional professional training the concept is determined for before and after the qualification period when the recommendations are made that the national professional institutions have to develop a system for monitoring and control of the “professional accountants” with the aim to master in time the acquired professional level.

In IES 8 Professional competency of partners for audit of financial reports are discussed the minimum requirements for the professional knowledge, habits, values, ethics and attitudes, which the audit experts need to possess.

The historical and methodological review of the competency approach gives us ground to draw the following conclusions:

- Irrespective of the fact that initially it was applied in one sector only, it has quickly spread into all fields of public and social life, and nowadays it forms the basis of the new education paradigm all over the world;
- It is advisable to comply the training of the undergraduates in financial control with the recommendation of IESAA with the aim to prepare competitive, capable and adaptive experts in accounting and audit;

The application of the competency approach in the financial control training allows the planning and implementation of the instruction process to be carried out in two major trends:

- Meeting the syllabus objectives and tasks in order to develop professional competences and competencies;
- Building up universal skills and abilities such as teamwork; leadership; active social position; adapting in multicultural environment; ethical values; professional attitude for development and improvement.

In order to implement this approach helps the design of the competency training model for undergraduates in financial control. It should include: a model of structure, a level and degree of development of competences in financial control; a matrix for distribution of competences according to the thematic units in the financial control curriculum; a model of lectures and seminars techniques in financial control; a model for assessment of competences and competency of undergraduates in financial control.

**Scheme 1. Competency model for training undergraduates in financial control**

The matrix for classifying the thematic units in financial control is approved in the curriculum at university level and it is put in the model as a pre-defined parameter. The undergraduates’ competences are developed on the basis of professional
knowledge, skills, experience and attitude to success. They can be classified as is shown in Table 1 in such a way as to define the model frame concerning the structure, level and development of competences in financial control.

Table 1

<table>
<thead>
<tr>
<th>№</th>
<th>Structure of competences</th>
<th>Level and development of competences in financial control</th>
</tr>
</thead>
</table>
| 1. | Professional knowledge   | The Bachelor student in the subject Theory of control and Financial control should know:  
- The concepts of the nature and development of financial control;  
- The types and forms of financial control and their specific manifestation;  
- The information provision and the control toolkit;  
- Statutory regulations of the audit activity of the Bulgarian National Audit Office and European Court of Auditors; National Revenue Agency; Public Financial Inspection Agency; the National Customs Agency, the independent financial audit and internal audit;  
- The rights and obligations of the control authorities;  
- The system of impact as a result of implemented control;  
- Control of major objects: capital, assets, liabilities, earnings, costs, financial results, tax liabilities. |
| 2. | Professional skills      | The Bachelor student in the subject Theory of control and Financial control should be able to:  
- Differentiate the scope of various control authorities, their rights and duties;  
- Apply the control toolkit according to the peculiarities of the object of control;  
- Use various in character sources of information in order to argue and prove conclusions;  
- Define the nature of malpractice and suggest an appropriate system of impact, recommendations and measures. |
| 3. | Professional experience  | The Bachelor student in the subject Theory of control and Financial control should acquire practical skills in order to:  
- Apply the control toolkit in monitoring capital, assets, liabilities, profits, costs, financial results and tax liabilities;  
- Interpret and apply statutory regulations in the monitoring activity;  
- Plan and carry out specific monitoring activity;  
- Recognize and disclose typical malpractice related to monitored entities;  
- Process and apply various sources of information as evidence and appendices to conclusions drawn; |
The listed competences taken as a whole define competencies the undergraduates in financial control need to acquire. Their active participation in the learning process allows them to build various in character skills, which taken as a whole develop a different type of competencies which correspond to the ones recommended by IESAA. Therefore, it is advisable to classify the competencies as indicated in the Table 2 mode: functional; organizational–managerial; interpersonal and communicative; ethical values and attitudes.

Table 2

<table>
<thead>
<tr>
<th>№</th>
<th>Type of competencies</th>
<th>Student’s ability to:</th>
</tr>
</thead>
</table>
| 1. | Functional           | - Apply the control toolkit and the existing legal acts in implementing the specific monitoring activity;  
|    |                      | - Process, analyse and assess the accounting, financial and economic information for the purpose of control;  
|    |                      | - Implement monitoring procedures and activities complying them with the technological peculiarities of the specific monitoring activity (tax audit, inspection, internal and external audit, monitoring)  
|    |                      | - Draw up, set out and complete documents about the results of the monitoring activity (reports, legal acts, opinions, protocols, expert reports)  |
2. **Organization-managerial**

- Plan, organize, carry out and conclude a specific control activity;
- Allocate the available resources for achieving effective and efficient financial control;
- Set out, use and archive work documents and files related to the monitoring activity;
- Assess the risk related to the controlled entity and the monitoring activity;
- Disclose and analyse the nature of malpractice and the corrupt practices related to the basic entities of financial control and the activity of the specific monitoring authorities;
- Organize activities in correspondence with the implementation of an assigned project or task.

3. **Interpersonal and communicative**

- Work in a team in order to align his/her activities with the assigned purpose;
- Build leadership qualities and take a stand without passing the threshold of tolerance and mutual understanding;
- Discuss, dispute and communicate with colleagues and lecturers without violating the adopted standard for ethical behaviour;
- Adapt to changes as taking risk and react in adequate way in competent environment;
- Work and communicate in multicultural environment by showing tolerance and understanding;
- Work and communicate in multicultural environment by showing tolerance and understanding.

4. **Ethical values and attitudes**

- Have the internal mindset to comply with the professional ethics;
- Have understanding and mindset to comply with the principles related to organization and technology of the monitoring activity;
- Understand and perform his professional duties so that he/she does not violate the frame of law;
- Develop a sense of tolerance and ethical behavior in the relations with colleagues and lecturers in the mutual work in projects, assignments, disputes and discussions.
- Improve professionally and have an internal mindset to learn from his/her own experience and the one of the colleagues.

Achieving quality and results in the instruction process in the subjects Theory of control and Financial control requires defining home assignments, projects, tasks and cases which need to be more closely connected with the practical activity of the monitoring authorities and to allow development and assessment of students’ competency. It should be noted that there are traditions and success in financial control teaching. This fact makes it easier to improve it by adequate combination of traditional and innovative technologies for carrying out the instruction process. (Ivanov,
In this way the role of the lecturer changes and from a translator of knowledge he/she turns into a promoter, manager who directs teaching in correspondence with the aims set to build competences and competencies defining the profile of the accounting and audit experts. The objective is by their balanced implementation in delivering lectures and seminars to provoke students’ behavior and thinking in such a way that they become the active part in the instruction process. Before turning to the implementation of new technologies in training, it is advisable to assess knowledge, skills, experience and attitude of students; the instruction classes should be well planned, organized and well provided with resources. The dialogue, motivation, internal attitude and desire for cooperation and participation in training from the perspective of students underpin success and that is the only way to achieve results which satisfy both sides in the instruction process.

In the scientific literature (Muhina, 2013; Kirikova, 2012; Riccio, 2000) there have been researched the possibilities of the following type of lectures which are compatible with the objectives of the competency approach in the accountancy and audit training; namely: a lecture – visualization; a lecture – talk; a lecture with pre-planned mistakes; a problematic lecture; a lecture – discussion; a lecture – press conference.

The technology of financial control training can be improved if different types of lectures are used in combination and in correspondence with the thematic units included in the curriculum. The author, rendering an account of the long standing experience as a lecturer and the attitude of students to new forms of training, assumes that their consistent implementation will assist the acquisition and development of specific competences classified in Table 3.

### Table 3

<table>
<thead>
<tr>
<th>Type of lecture</th>
<th>Competences</th>
<th>Thematic unit in curriculum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introductory lecture</td>
<td>attitudes</td>
<td>- Presentation of the subject;</td>
</tr>
<tr>
<td>Summarizing lecture</td>
<td></td>
<td>- Methodology and forms of ongoing control;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Forms of assessment.</td>
</tr>
<tr>
<td>Traditional lecture</td>
<td>Professional knowledge</td>
<td>- Concepts about the nature and development of the financial control;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Types and forms of financial control and their specific manifestation.</td>
</tr>
<tr>
<td>Visualization lecture</td>
<td>Professional knowledge</td>
<td>- Information provision and control toolkit;</td>
</tr>
<tr>
<td></td>
<td>and skills</td>
<td>- Legislative regulation of the monitoring activity implemented by the Bulgarian Na-</td>
</tr>
</tbody>
</table>
There are possibilities to improve the technology of training in organizing and conducting seminars. It is advisable to develop and fill with new content the following forms, presented in Table 4, assisting for the acquisition of competences in financial control.

**Table 4**

**Technology of seminars in financial control**

<table>
<thead>
<tr>
<th>Type of seminar</th>
<th>Competencies</th>
<th>Instructor’s role</th>
</tr>
</thead>
<tbody>
<tr>
<td>Course project</td>
<td>- organization-managerial; - interpersonal and communicative; - ethical values and attitudes</td>
<td>clarifies: requirements, rules, limitations; criteria for assessments; possibilities for ongoing tutorials; makes recommendations.</td>
</tr>
<tr>
<td>Case, casus, tasks</td>
<td>- functional; - organization-managerial; - interpersonal and communicative; - ethical values and attitudes</td>
<td>Makes the required organization; defines additional requirements for team work, reporting, drawing up work documents; monitoring and control, rectifying mistakes.</td>
</tr>
<tr>
<td>Role play</td>
<td>- interpersonal and communicative; - ethical values and attitudes</td>
<td>Develops instructions, makes commentaries; monitoring of play and</td>
</tr>
</tbody>
</table>
At the competency approach what is important is the triad of competences, technology of training and assessment of results as a guarantee of the instruction process quality. The competency is a result and has to be evaluated in an indisputable, impartial, transparent and reliable way. The competences assessment is complex in its nature and is related to the implemented activities by the student in the process of learning. Its main characteristics are validity, reliability, fairness, timeliness, focusing, effectiveness and holistcity. (Efremova, 2012). In financial control it can be implemented on two levels: mastering the educational material in the training subjects and evaluating the students’ competency. It is advisable that it should be complex and have different forms of ongoing and final assessment such as: written exam and ongoing control by testing; preparation and presentation of a course project; solving cases and problems; participation in role plays. Therefore, the model of assessment and monitoring of competences in financial control should include: criteria for assessment, rules and procedures, which are implemented gradually during the whole semester and in sitting the exams in the subjects Theory of control and Financial control. The proposed competency model allows allocation of thematic units in the curriculum in such a way that the instruction process should be directed to building competencies. For that purpose it is required to:

- balance the implementation of the traditional and innovative approaches for delivering lectures and seminars in the subjects Theory of control and Financial control;
- develop textbooks and training aids which allow students to acquire and defend various competence levels in financial control;
- use adequate criteria and assessment system of competence and competency development of students in financial control;
- motivate students and lecturers to participate actively in the training process;
- take actions for cooperation in implementing the competency method on the level of lecturer, department and university;

In conclusion it should be noted that the implementation of the competency method in teaching financial control will actively assist the development of profes-
sional and general competencies in Bachelor students from the majors “Accountancy and Audit” and “Accountancy and Finances” at the University of Economics- Varna. The acquisition of the competency model in financial control training of students guarantees effectiveness and quality of the instruction process and their successful performance in practice as professional accountants and auditors.

References

29. Tomov, T., 2010. Razrabotvane na kompetentnostni modeli, ili kakvo povedenie e neobhodimo za uspeshno trudovo predstavyane, Sofiya:
http://www.trudipravo.bg/.


