

Establishing the gap between Practicing and Teaching Accounting.

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Abstract

This article is about the things that those teaching Accounting in academic institutions should emphasize on in order to produce graduates who are ready for the job market. The content of most accounting programmes taught in schools and colleges does not empower the students with knowledge of the real situations that they will face when they practice Accounting. This paper is based on a study carried out in various academic institutions and on another study carried out among those practicing Accounting. The study found out that Accounting educators emphasis a lot about using sophisticated techniques to solve situations, which in many cases are irrelevant to those practicing Accounting. It was also found out that Accounting education places less emphasis on computerized accounting systems even though most companies are using Computerized Accounting systems to manage their accounts. It is recommended that Accounting Educators should teach more about performance management and strategic management. Also, computerized Accounting training should be incorporated into the curricula of Accounting Programs in tertiary institutions to prepare students for the job market since knowledge in such systems is required in the job market. In addition, the educators and researchers from various disciplines should collaborate with those practicing and conducting research on how to improve what is taught.

Keywords: Accounting Theory, Accounting practice

1. Introduction

Academic research and textbooks focused on sophisticated approaches for simplistic, economic-based models that had very little relation to accounting practice (Johnson & Kaplan, 1986). According to Sunder (2007) “ The accounting curriculums of most business schools are full of theories that have less practical relevance”(p.1) he also contends that “ standards induce a follow-the-rule- book attitude among accountants at the expense of developing their professional judgment” (p.1) there is a gap between Accounting Education and Accounting Practice that makes it difficult for accounting graduates from tertiary institution to fit into the job market straight from school. In addition, the syllabi of the most professional bodies that turn out professional accountants do not make provision for any accounting software training. Most Practicing Accountants have the view that the accounting syllabus taught in most business schools are outdated and have less practical relevance

THE PURPOSE AND SCOPE OF THE STUDY

This study is based on Johnson and Kaplan's (1986) view that there is a gap between education and practice in the Kenyan context. This study investigates the relation between Accounting education and Accounting practice through an empirical study. The scope of the study on Accounting Education is the Kenyan tertiary institutions while that for the Accounting practice

were Kenyan practicing accountants. This study also explores various ways of dealing with this gap by means of a literature study.

THE GAP BETWEEN ACCOUNTING EDUCATION AND ACCOUNTING PRACTICE

According to Cable et al (2007) There is the need to refine accounting programmes in academic institution “to bridge the gap between academic study in accounting and a career in professional practice, aiming to deliver work-ready graduates who will assist in meeting the needs of employer and help alleviate the skill shortage in the ... accounting profession” (p1)

Modern businesses rely more and more on technology in processing accounting information. Modern accounting softwares have made the preparation of financial reports so easy that one does not need traditional bookkeeping knowledge to produce standard financial reports In the light of the above changes; there is an urgent need for accounting education to place more emphasis in developing the soft skills rather than the traditional bookkeeping theories. Unfortunately, accounting education has not kept pace with the changes in technology and practical accounting. Accounting educators have failed to restructure their syllabus to reflect changes in the job market for accountants. This unwillingness to change continues to maintain a big gap between accounting education and accounting practice. Modern accountants need information technology skills, decision-making skills and analytical skills which most accounting degrees do not teach.

The gap between accounting education and accounting practice is not only found in Financial Accounting but also present in Management Accounting. Modern management accountants need more strategic planning and continuous process improvement skills. However, most management accounting courses continue to concentrate on process costing and variance reporting. There therefore the need to call on accounting educators to restructure their content to ensure that they provide their graduates with relevant management accounting skills.

RESEARCH METHODOLOGY

Research Design and Sample plan

The research was carried out in two stages by means of questionnaires. In the first stage, the content of the syllabus of Kenyan tertiary institutions was determined. In the second stage, a survey was conducted among various Kenyan practicing accountants to establish their activities. The content for the questionnaires was the same, apart from the introductory wording. This was to facilitate the comparison of the data. Moreover, the questionnaires were tested among those practicing Accounting and among academicians. This was to ensure that they were understandable and to avoid the possibility of bias. The questions were based on a five point Likert scale. The levels of knowledge of those practicing and students were indicated as follows: unsure of level of presentation (education) and unsure of level of knowledge required (practice); not presented (education) and no knowledge required (practice); knowledge and comprehension of contents required, application of contents required and integration of topics with other topics required.

The first questionnaire circulated among the public tertiary institutions registered in Kenya registered with the Kenya’s Ministry of Education. The response rate from the universities was 44%, and that for the Polytechnics was 56%. This number excluded those pursuing masters.

Different departments in different locations completed separate questionnaires. The responses of the lecturers were weighted according to the number of students per institution and their responses were viewed as the knowledge of the students in that institution.

The accounting firms were chosen based on the top ten ranking of consulting firms in Kenya. Eight firms were chosen which had a response rate of 72%. The results were weighted according to the number of accountants in the company who specialized in both financial Accounting and Management Accounting to get the weighted average level of knowledge.

Statistical Analysis Technique

The median was used instead of the average because the former was more representative. The U test of Mann Whitney was designed to test for null hypothesis of no difference between the two populations at a 5% level of significance. The null hypothesis was rejected in favor of the alternative where the p value was less than the significance (0.05), indicating a significant difference in the values of the populations. The p-value less than 0.01 was described as highly significant.

THE SURVEY OF ACCOUNTING EDUCATION AND ACCOUNTING PRACTICE IN KENYA

In this section, the views of the Accounting educators and those practicing Accounting were compared in the following areas: Planning and control, strategic management, product costing, quantitative techniques, divisional product costing as well as decision making.

Planning and Control

The overall median of Accounting Education in planning and control was 2.814 while the overall median of accounting practice was 2.857. There was no significant difference in the value of the populations as indicated by a p-value of 0.4583.

The maximum quartile deviations of the individual topics under planning and control were 1. This indicates the dispersions of the observations around the median. It was observed that standard costing was overemphasized while behavioral aspects of accounting control were underemphasized.

Decision Making

The overall median in the decision making section for Accounting education was 2.375 while that of Accounting practice was 2.333. A highly significant difference between the medians of the two populations was indicated by a p-value of 0.0052. Both the modified internal rate of return and the adjusted present value had a quartile deviation of 1.5 while the maximum quartile deviations of the other topics were 1.

It seems that Accounting Education emphasizes on relevant costs, cost volume profit analysis and risk and uncertainty in decision making than Accounting Practice.

Product Costing

The overall median in product costing section for accounting education was 2.982 while that of accounting practice was 3. No significant difference between the medians of the populations was indicated a p-value of 0.8358. It seems that job costing, process costing, treatment of joint products, treatment of by-products, costing of variable products and costing of absorption

products are overemphasized in Accounting education. It also appears that material requirements planning and manufacturing resource planning are underemphasized in accounting education.

Divisional Performance Measurement

The overall median in the performance measurement section for accounting education was 3 while that of accounting practice was 3.2. A highly significant difference between the values of the populations was indicated by a p-value of 0.0001. This indicates that divisional performance measurement is emphasized more by accounting practice than by Accounting Education.

Strategic Management Accounting

The overall median in the strategic management accounting section for Accounting Education was 2.083 while that of accounting practice was 3.167. A highly significant difference exists between the medians of the two populations as indicated by the p-value of 0.0001. This indicates that strategic management Accounting is emphasized more in practice than in Accounting education.

Quantitative Techniques

The overall median in the quantitative techniques section for Accounting Education was 2.875 while that of accounting practice was 2. A highly significant difference between the median of the two populations is indicated by a p-value of 0.0001. The maximum quartile of the individual observations around the median is 1. It appears that quantitative techniques are overemphasized in Accounting Education.

SUMMARY

The results indicate that Accounting Education emphasizes more on quantitative and decision-making techniques and less on newer developments. Accounting Standards focuses on historical financial reports at the expense of Management Accounting (Johnson & Kaplan, 1986). There have been significant changes in what organizations face in the areas of information, education and competition (Berliner & Brimson, 1988). These changes have changed what is required of an accountant.

Both formal Accounting Education at the tertiary institutions and professional accounting training have largely neglected computerized accounting although most organizations are computerizing their accounting systems.

RECOMMENDATIONS FOR BRIDGING THE GAP BETWEEN ACCOUNTING THEORY AND ACCOUNTING PRACTICE

Stakeholders of accounting education must come together to make accounting education more relevant to industry.

There is a need for accounting practitioners who have been educated in the key aspects of information technology and who can effectively and efficiently satisfy the increasing financial reporting requirements of modern organizations using the power of information technology.

Closer cooperation between Accounting academicians and Accounting practitioners is recommended as this would narrow the gap between education and practice (Lovell, 1988). A partnership between authors, researchers, educators and those practicing Accounting is suggested (Siegel & Sorenson, 1994). Accounting educators are proposed to have internships

in practice (Hendricks, 1993). It is recommended that there be a collaborative research in researchers trained in Accounting, economics, behavioral science and organizational theory which would help break from preoccupation on technical issues (Bhimani, 1994).

Practicing accountants should be made to contribute to syllabus design so that they can bring their experience in shaping what is taught at schools. It is also recommended that each Accounting programme should have an advisory board composed of Practicing accountants, Alumni and other industry stakeholders so that they can bring their experience to bear in making accounting syllabus relevant to industry.

CONCLUSION

The study reveals a gap between Accounting theory and Accounting practice. Quantitative and decision-making techniques are overemphasized by accounting educators. Accounting educators need to pay more attention to performance management and strategic management. Accounting theory often emphasized on sophisticated techniques that are hardly used in accounting practice (Johnson & Kaplan, 1987). Accounting educators should also conduct collaborative research with those practicing Accounting and with researchers specializing in Accounting, economics, behavioral sciences and organizational theory to study the Accounting theory and what activities accountants conduct as they practice.

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