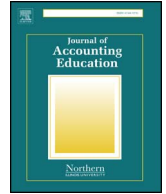


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Teaching and educational notes

How well do our introductory accounting text books reflect current accounting practice?

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ABSTRACT

A significant body of research has found that accounting education contributes to the narrow and stereotypical scorekeeping perceptions students have of accounting, and that there is a disconnect between accounting education and practice. However, there has only been limited research into why this has occurred. This study examines how the preparer-focused accounting textbooks adopted by New Zealand universities contribute to these concerns. Given that three of the five adopted textbooks are authorised adaptations of American textbooks and one is an American textbook, these findings will have implications for educators and authors beyond New Zealand. In an effort to better reflect accounting practice, this paper calls on authors and publishers of textbooks to acknowledge the wider context within which accounting operates, and the influence of technology on the accounting process as currently practised.

1. Introduction

The Pathways Commission (2012, p. 11) has expressed concern that “students are exposed to technical material in a vocation-focused way that is dis-embodied from the complex real world to which students are bound.” This finding suggests that there is a gap between theory and practice in accounting education. It is of even greater concern that this finding is not just a recent phenomenon (Albrecht & Sack, 2000; American Accounting Association, 1986; Arthur Andersen et al., 1989).

The Pathways Commission (2012, p. 86) further found that accountants were still perceived as “scorekeepers, monitors or bean counters.” This has in part been blamed on the current teaching resources and the need for new material that “can help students understand the basic bookkeeping elements that serve as a foundation of an accounting education while also conveying the more strategic, dynamic aspects of accounting” (The Pathways Commission, 2012, p. 88). This explanation is consistent with a suggestion that students should be introduced to the broader context of the subject at an early stage (Ferguson, Collison, Power, & Stevenson, 2006), and that failure to do so contributes to the maintenance of the status quo. As higher educational institutions still rely extensively on textbooks as instructional tools (McFall, 2005), one possible explanation for the criticisms outlined lies with the textbook.

The observations above provide the motivation and objective to examine the extent to which the textbooks which have been adopted for the first preparer-focused accounting course offered by New Zealand universities have embraced the changing role of accountants and current accounting practice. As four of the five adopted textbooks are either American textbooks or authorised adaptations of American textbooks, these findings will have implications for educators and authors beyond New Zealand.

This study provides a source of reflection for textbook authors, instructors and subject designers, and contributes to the debate on introductory accounting course design and the integration of technology into the introductory accounting courses. This paper

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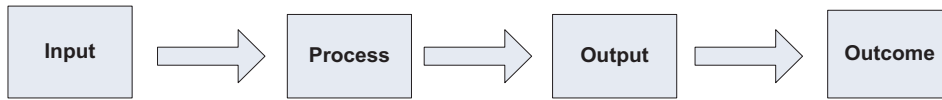


Fig. 1. A system.

commences with an examination of the calls for curriculum reform, then analyses the changing role of accounting and accountants, discusses the relevance of selected texts to current accounting practice and concludes with suggestions for change.

2. Background

The [American Accounting Association's \(AAA\) \(1966, p. 1\)](#) seminal definition of accounting stated that accounting is “the process of identifying, measuring and communicating economic information to permit informed judgements and decisions by users of the information.” The definition emphasised that accounting was not merely a process of recording and manipulating economic information, and so did not seek to limit the scope of accounting. Further, it was concluded that accounting should not: be based solely on transaction data; be limited to the measurement of assets and periodic earnings; or be limited to those entities for which periodic earnings were a primary objective. This additional information also does not limit the scope of accounting but instead enables the formation of a more diverse image of accounting which reflects “the breadth of opportunity, challenging and interesting roles and service to society” ([The Pathways Commission, 2012, p. 82](#)).

[Romney and Steinbart \(2012, p. 4\)](#) define a system as “a set of two or more interrelated components that interact to achieve a goal.” This is illustrated by [Fig. 1](#) where inputs are converted through a series of processes into outputs which contribute to the achievement of specific outcomes. This model provides a useful framework for describing the operation of accounting systems and also offers insights into why the accounting curriculum is perceived by students to be routine and procedural.

As individuals are motivated to allocate cognitive resources based on outcome dependency ([Fiske & Neuberg, 1990](#)), instruction in the accounting process should be outcome rather than process-driven. It is argued that this process-driven focus is a major contributor to students' stereotypical scorekeeping-based perceptions of accounting. This is problematic as the positive attributes of stereotypes are underestimated while their negative attributes are overestimated ([Park & Judd, 1990](#)).

Accounting historically focused on summarising financial data and then analysing and interpreting the resulting information. However, reporting is no longer economically or technologically constrained by predetermined manual processes. The implications of this shift is reflected in suggested changes to the curriculum by the profession ([Price Waterhouse Coopers., 2015](#)) and the academy ([AACSB International, 2014](#)).

Concerns that the curriculum fails to reflect current accounting practice are not new. Following multiple reviews of the accounting curriculum in the United States (US) dating back to 1986 ([Albrecht & Sack, 2000](#); [American Accounting Association, 1986](#); [Arthur Andersen et al., 1989](#); [The Pathways Commission, 2012](#)) it was concluded that the accounting curriculum and pedagogy created a perception of accounting as a routine, predictable, and procedural activity. This image failed to acknowledge the extended role of accounting from scorekeeping and audit work to include financial planning, assurance services, strategic, risk, knowledge and change management and management advisory services ([Parker, 2001](#)). These curriculum concerns led to recommendations from the [Accounting Education Change Commission \(1992\)](#) in the US to liberalise the introductory accounting courses to better reflect the aptitudes and skills needed for an ever expanding range of career opportunities in accounting. One suggestion by [Albrecht and Sack \(2000\)](#) was to integrate information technology into the accounting curriculum at an introductory level. [Smith David, Maccracken, and Reckers \(2003\)](#) claimed that the failure to integrate technology in the introductory accounting textbooks has been an impediment to changing the scorekeeping focus in the introductory accounting courses. These authors further suggested that publishers are conservative and hence unwilling to accommodate change as it would be costly and success could not be guaranteed. An alternative explanation, which may be drawn from these concerns, is that there is an unwillingness on the part of instructors to embrace this change to integrate technology ([Watty, McKay, & Ngo, 2016](#)).

Studies undertaken in Australia ([Mathews, Brown, & Jackson, 1990](#)) and New Zealand ([Marrian & Lothian, 1992](#)) concurred with the US findings that the accounting curriculum and pedagogy created a perception of accounting as a routine, predictable, and procedural activity. Attempts to address these curriculum concerns have mainly focused on the need for, and development of, accounting graduate non-technical skills ([De Lange, Jackling, & Gut, 2006](#); [Evans, Burritt, & Guthrie, 2010](#); [Hancock et al., 2009](#); [Jackling & Calero, 2006](#); [Kavanagh & Drennan, 2008](#)). Regrettably, little attention has been given to the technical skills required for the changing role of accountants.

In the US, [Sundem \(1999\)](#) found that pedagogy had changed more than content and that the response to these calls for change remains limited. While [Saudagaran \(1996\)](#) proposed an alternative course design, most programmes have two introductory accounting courses. One is financial accounting, with a focus on scorekeeping, and the other on managerial accounting, with a focus on budgeting and cost behaviour. Both are delivered from a preparer perspective. Such a strategy is unlikely to have a positive impact on non-accounting majors who take these courses. It also creates the illusion that the two sub-disciplines are quite separate and unrelated.

In Australia, [Palm and Bisman \(2010\)](#) found that the first course in accounting which was designed for accounting and non-accounting major students also reflected a procedural bookkeeping and compliance driven bias. These findings are of concern, as negative and inaccurate perceptions may contribute to the recruitment of students who lack the necessary aptitude required by the

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