

Advocating a more academic and financial accounting training: Integrating accounting theory in university curricula.

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Abstract

Accountancy Theory (AT) allows to understand the social and finance impact of this discipline. This study develops a detailed investigation on the evolution of the AT in the public accounting curricula in the universities of Colombia. Furthermore, describes the connections between AT and the financial dimension. The study has a quantitative approach based empirical analytical technique. The data for this study is from 101 selected Colombian higher education institutions offering the BS degree of Public Accounting. The results point to progress in teaching AT in Colombia, although 57% of the universities in the country do not include this subject in their Public Accountancy curricula. In addition, it presents a review of the literature on the state of AT in Latin America (LA). The over-all conclusion shows that still today accountancy education is considered a corporate activity rather than an academic and research driven discipline that will allow more efficient financial decisions to be made.

Keywords: Accountancy theory, Accountancy education, Financial decisions, Latin America.

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Introduction

During recent years, academic initiatives on accountancy theory (AT) in Colombia and Latin America, stimulated reflections on training of accountancy students. They are driven by social dynamics and situate the discipline in a wider context that goes beyond financial controls and taxes. Accountancy should go beyond its economic flavor and contribute in a synergic way to society. The tie with economy entails the risk of hampering accountancy as a scientific discipline.

Accountancy Theory should be understood as the logical reasoning based on a set of principles that aid the development of a general reference framework to assess and guide the accounting practice towards the development of new procedures and practices [1].

In this context, this paper addresses three approaches which all together show the importance of including Accountancy Theory in programs of Public Accountancy majors. This subject should make an integral part of curricula in Latin America as a fundamental component of the training of any professional accountant.

This article first describes the role of AT, including its links with the financial dimension. Parallel defines the importance Accountancy Theory in the educational training programs of public accountants. Finally, the corresponding results are related with objective of identify if prevail the inclusion or exclusion of the accounting theory in the accounting programs of the universities of Colombia. In addition, identified evolution about the inclusion of accounting theory in the universities from Latin America (LA).

In this context, the objective of this study is to identify the Colombian universities that offer the topic of accounting theory in the students' curriculum.

Accountancy theory and financial dimension

Although accounting originated in, by, and for commerce, and demonstrated in the past its capitalist nature [2], AT should not be ignored because the discipline is not only needed by commerce but also by the society as a whole.

Both accountancy and Public Accounting are based on theory [3]. An accountant solves financial problems of the company or organization. Accountancy Theory allows analyzing financial facts in the interchange of goods and services aiming at realizing profit. The corporate dynamic experiences a steady-state equilibrium as long as conditions and basic assumptions do not change. However, continuity strongly depends on flexible accounting, which is able replying to upcoming changes. This flexibility is mandatory dealing with changing economic landscapes and can only dovetail in accountancy theory fundamentals [4].

A permanent link between accountancy theory and the corporate dimension should involve financial facts and realities. This allows establishing and developing retro- and prospective criteria for decision making on impact assessment. This is a basis for multiple solution options for complex and changing problems as faced by organizations and society in general [5]. Also the need of dealing jointly with financial aspects affecting organizations. This necessitates an economic assessment providing information for both internal and external use.

Financial approaches look for accountancy solutions in

particular when it comes to measuring or assessing data of past events. Information about historic and current trends is provided by the accountant and affects marketing, and financial procedures. Accounting data can only be interpreted using the framework of accounting theories [6].

Administration departments in charge of the optimization of resources depend on accounting data. Figure 1 present the elements linking these two variables. It summarizes the aspects of the independent objectives of each variable. The Figure 2 shows the relationships between the financial and theory of accounting, influenced by the existing and changing political and legal framework, and the wider AT context of which social and environmental components, influenced by their own regulations, are part.

Some authors claim that accountancy science is impaired by methodological weakness which inhibits the necessary pragmatic shift to establish accountancy theories [7].

This comment shows aspects of a vicious circle as in depth, meaningful, and broad teaching approaches are necessary for research. To this end strategies should be implemented to support academic accountancy research, which on its turn acts as an important ground for developing accountancy theories [8].

Accounting practice should be based on three fundamental dimensions: a socio-economic one; a historical one (which among others deals with the conceptual legacy); and an epistemological one (which is made up of accountancy theories). Students exposed to these dimensions should be able dealing with multiple viewpoints which will help them those handling in the future [9,10].

The therefore year, these arguments show the necessity incorporating AT in the academic programs for students and contribute to the training of proactive accountants.

Accountancy theory in the educational training programs of public accountant

The accounting theory is a dominant current of research that aims to identify hypothetical and pragmatic conceptual propositions that explain and guide the action of the accountant

in the identification, measurement and communication of economic information. In synthesis, tries to explain and predict the phenomena that occur in accounting practice [11]. Discussions on theoretical advancements and their contribution to understand in depth the “scientific” character of the discipline are common in the open literature and at conferences [12]. This provides materials for a sound approach to the aims and the content of AT as a component of the academic training of future public accountants.

Accountancy theories explain the underlying logic of the activity. An example is offered by the “Generally Accepted Accounting Principles” [13]. These guidelines are universal, but can be adapted and revised according to the local economic and social needs.

AT and accounting practices are closely related: the theory offer a basis and a framework for the practice which is driven by observation, analysis, explanation, and exploration [14]. Accounting practices apply the theory. Moreover, the socio-economic situation of a country contributes to modeling the accounting practice.

Therefore, accounting practices do not exist without adequate theoretical knowledge. Accountancy theories trigger observation and the permanent analysis of problems and theoretical procedures [13]. Accountancy theory is the foundation of accounting applications.

In view of the core functions of the theory, the accountant will operate in an efficient way only if he/she has a sufficient theoretical knowledge background. Accounting practice cannot be performed or develop without theory [14].

But there is more: Research showed avoiding an in-depth training on Theoretical and Fundamental Accountancy is a mistake [15]. Theories, in a general sense, modify and determine practices. Accountancy theory shapes and modifies accounting practice.

Scholars in AT will be able identifying important instruments as regulations, accounting practices, and structures. On this point, [16] observed that accountancy education in Colombia focusses to a large extent on these instruments for

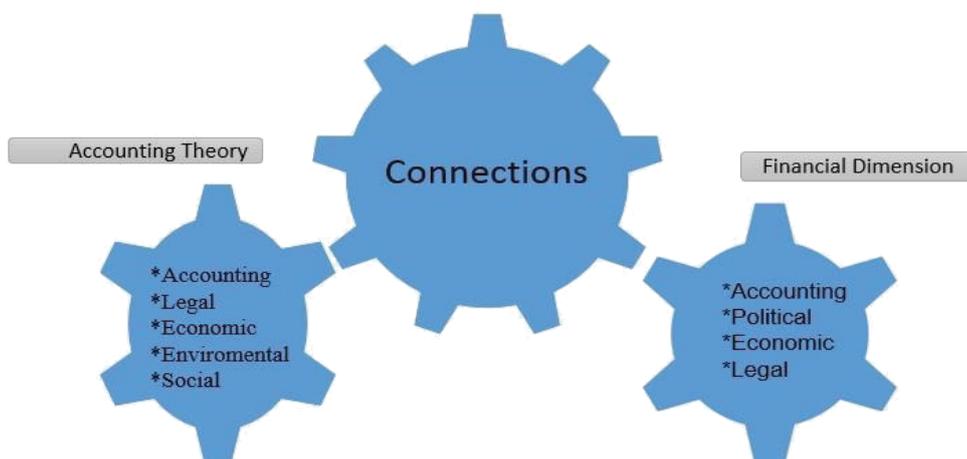


Figure 1. Connections between Accountancy Theory and the financial dimension.

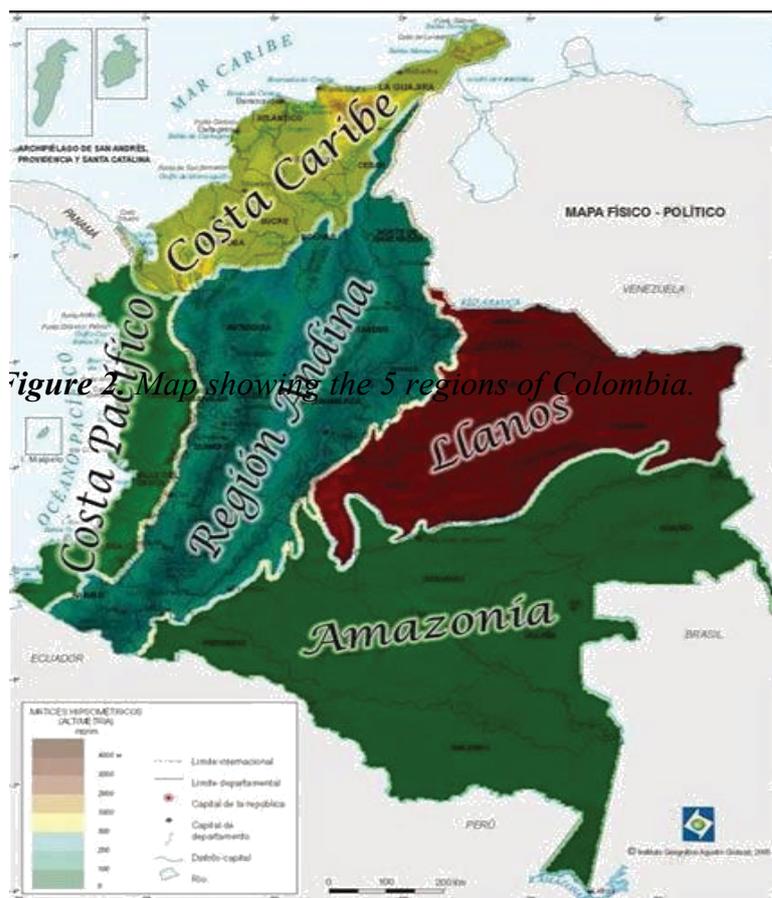


Figure 2. Map showing the 5 regions of Colombia.

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transactions, which the production sector basically asks for. The consequence is, disdaining a training that also focusses on the social sciences aspects and which is sufficiently dynamic to respond to changes.

Accountancy apprentice needs a balanced knowledge of theory and practical aspects to train professionals [17]. A professional either lacking the theoretical background of his discipline or the practical skills is only partially equipped for the job.

Education for mentality changes driven by AT is essential for accountancy students in view of a 30 years job [3]. During this period major changes will occur in the wider theoretical frameworks and a vision on the social commitment of their profession will be essential in dealing with these changes. AT is the support of scientific knowledge --which is to some extent thinking about what has not been thought of yet-- and explores interpretations aiming at more technical and methodological accuracy in a developing intellectual environment [17,18].

Accountancy theory also contributes to economic issues. The theory enables the student and the accountant to address accountancy from a wider and richer perspective. It aids understanding how accounting influences a social context which remains unaddressed if the information is just reproduced without analysis and/or a critical discussion.

Accountancy theory supports the education of people who

contribute to social development. Universities, as main actors of their education should integrate this pedagogic goal. Accountancy Theory should be a compulsory part of the curricula as a reflection on the nature of accounting [3]. Failure on integrating this aspect results in accountants who are less quipped dealing with the social, environmental, legal, ethical, political, and economic issues increasingly involved in future accountancy procedures.

Materials and Methods

This research aims at identifying Colombian universities that offer the subject of accounting theory in the curriculum of students. A quantitative focus was implemented through data collection and analysis techniques characteristic of statistics, numerical measurement and counting. The scope of the investigation was analytical. On the other hand, since this research studies the importance of accounting theory in the make good financial decisions for a company.

The data for this study is from 101 selected Colombian higher education institutions offering the BS degree of Public Accounting were identified using the SNIIES (National System of Higher Education Information of the Colombian Ministry of Education). This data base contains information on all educational institutions in the country. Information on the curricula is part of data.

The methodology for collecting information and analysis techniques is based on the revision of the academic

curriculum of all universities in Colombia. The academic curriculum presents all the training subjects for accountants. It was observed that there are universities that offer AT in their study plans, others do not it.

The schools were grouped according to the five main regions of the country:

- The Caribbean region in the north,
- The Orinoquia or llanos region in the east.
- The Andes region in the south-west to the north-east.
- The Pacific region, bordering the ocean with the same name in the west.
- The Amazon region in the south.

Data was processed using Microsoft Office 2013 and the statistical package SPSS v.21 for the calculation of the correlation coefficients between variables (if incorporated) and (unincorporated). It highlights that the overall correlation coefficient is 0.89.

Results

Accountancy theory in academic curricula in Colombia

Table 1 shows to which extent Accountancy Theory is lectured at Colombian universities. Data are organized according to the geographical location of the organizations in five regions. The Caribbean Region hosts 44 universities which make part of this study; the Orinoquia Region entails 6 universities, all of which are part of the sample; the Andes Region runs along the Andes and has 37 universities; the Pacific Region totals 12 universities. With only 5 universities the density of higher education institutions in the vast rural area of the Amazon is the least.

The over-all result (Table 1) shows that 43% of the Colombian universities offer AT in their curricula, while a majority (57%) does not. On the basis of these percentages Orinoquia performs best (3/6) although the absolute numbers in this region are small. All other regions show figures slightly below 50% when it comes to curricula entailing accountancy theory sections. Over-all most of the Colombian universities do not consider accounting theory as an essential aspect to train accountancy students.

The variation among the universities in the Caribbean Region. The difference is manifest with a 41 per cent inclusion and a 59 per cent which do not teach AT. Moreover the Caribbean of Colombia have the longest tradition in offering accountancy programs. Therefore it is not

Table 1. *Accountancy theory in Colombian higher education institutions.*

Region	Yes	Percentage	No	Percentage	Total
Caribbean	18	41%	26	59%	44
Orinoquia	3	50%	3	50%	6
Andean	16	47%	18	53%	34
Pacific	4	33%	8	67%	12
Amazon	2	40%	3	60%	5
Total	43		58		101

Table 2. *Accountancy theory according to the number of hours lectured a week in university programs.*

Number of universities	Number of hours	Training Type
24	2	master classes
19	3	master classes

unexpected that they have the highest rates of teaching AT courses. Consequently, accountancy the oldest programs in the country accounting address a more competitive labor market, and provide accountants with a more comprehensive and scientific background. The investigation of Villegas [19] said that these cases is presented because universities are updating constantly.

Of the six institutions in the Orinoquia Region, three offer AT training, while 3 do not address the subject in their Public Accountancy curricula. This Table 2 specifies the universities that offer accounting theory. The data show that this region it is in progress as increasing numbers of students are trained more in dept.

The situation in the Andean Region. 47 per cent of its 34 higher education institutions include Accounting Theory as an independent course in their Public Accounting curricula, and 53 per cent of lack this course in their Accountancy major programs. However, this region ranks second among the 5 regions of Colombia which shows that AT is on the agenda of these universities. This indicates that these universities consider it relevant offering their students accountancy theory addressing the logic of the discipline. The literature reviewed by Apostolou (2017) determines that universities are trying to offer a quality accounting education.

The Colombian Pacific Region has 12 institutions offering a Public Accountancy program. 33 per cent of them have Accountancy Theory as part of their program, while 67 per cent do not. The Amazon Region has few universities. Among the five higher education institutions only 2 offer a course on Accountancy theory; the rest does not. These data indicate that these universities insufficiently address AT as an element of their accountancy programs. Similar situation happens in the universities of Vietnam [19].

Overview of accountancy programs in Latin America (LA) with special emphasis on accountancy theory

Chile was the first country in LA initiating research on accountancy theories. At the same time the subject was introduced in accountancy training [20].

Argentina considers Accounting Theory as a core subject of an outstanding and efficient accounting practice. This refers to the epistemological approach of accountancy which offers a basis to establish standards. They transform knowledge in practical applications and tasks [6,7].

Since 2006 Brazil is one of the 20 countries where accountancy education is organized as a BS degree (Keystone Academic Solutions Organization, 2016). Among the five best university accountancy programs only one offers courses on Accountancy Theory (Table 3).

Table 3. Accountancy theory in the five best accounting training programs at Brazilian Universities.

University	Included	Not Included
Faculdade Presbiteriana Mackenzie Rio		*
Centro Universitário Facex	*	
Faculdades Integradas Campos Salles	*	
Universidade Cândido Mendes	*	
Centro Universitário Assunção	*	

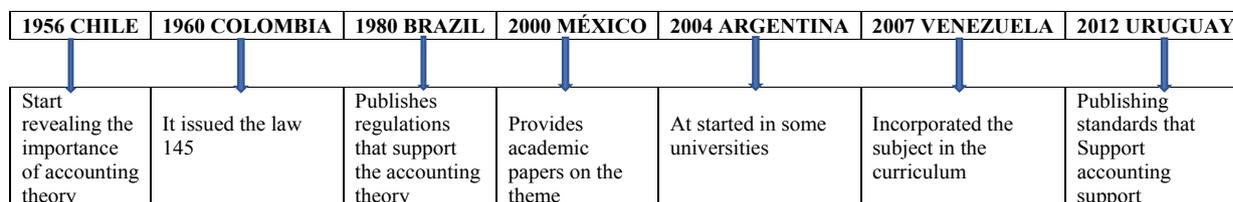


Figure 3. Introduction of accounting theory in selected Latin American countries.

Peru faces a similar situation as Brazil. The country started integrating accountancy theory by 2010 [21]. The lead was taken by the Universidad Nacional Mayor de San Marcos. The main objective was to provide basic knowledge about the philosophy of accountancy and its doctrine. The subject is structured in nine chapters. For each of them the competences and didactic strategies are outlined. This approach has been used as a template for AT in other Peruvian universities.

Uruguay still lacks accountancy theory in its programs. But times are changing: the country prepares laws which address training on the subject in higher education institutions [22].

Initiating AT in Ecuador has been triggered by the accountancy master degrees of the Universidad of Azuay and the Universidad de Especialidades Espíritu Santo which both teach the subject as a main component of their curricula. This fostered research in this field, highlighting its necessity in the accountancy training. This encouraged universities in Ecuador to discuss including this subject in their curricula [23,24].

Higher education institutions in Cuba and Mexico teach accounting theory both in their BS and MS programs. Detailed academic and pedagogic documents on the subject have been published [7,25].

Although this overview shows that AT is an established subject at many LA universities, countries as Bolivia hardly show progress. Qualitative, descriptive research on accountancy theory reveals that seven of the best Bolivian universities [26]. Abasto [27] do not address the subject in their curricula. Interviews with the program coordinators showed that although they consider the subject as relevant, it is not included in their curriculum yet. On the other hand they indicated that they started incorporating it.

In Guatemala one notices a permanent and active exclusion of important courses like research and AT in public universities; students lack information on this crucial element in their training and are deficient in linking accountancy problems which reports, statements, models, and systems [28]. The Dominican Republic, Costa Rica, and Puerto Rico integrated accountancy research and theory elements in all their curricula [29]. Their research on the subject mainly focuses

on international standards for financial information. Figure 3 summarizes these findings. It shows the early initiatives in Chile already since the mid-1950ies. Over 60 years of experience with AT provides the country still today a leading position on subjects and research on LA. Venezuela and Uruguay are recent and relatively late arrivers. Implicitly the figure also shows the deficiencies in most small Caribbean and Central American countries.

Discussion and Conclusion

Accountancy Theory helps students analyzing the economic reality from a critical and reflective point of view. The subject is fundamental to understand, discern, and interpret reality. A prerequisite to formalizing accountancy theory is that the subject is sufficiently deepened. Accountants need to be familiar with scientific epistemology applied to their discipline which is based on a wide variety of rationales and therefore interdisciplinary in nature.

Other hand, Accountancy students should acquire knowledge on the rational links between economy and accounting. Future accountants should be trained in the different aspects of accounting which include next to the financial aspect, environmental, social, human, non-financial performance measurements, legal, and cultural features. These arguments that is supported by previous research [30-33].

The comparison among countries in Latin America shows that Mexico invests in research, which results in high standard projects and papers on AT [18]. Universities in Argentina and Venezuela implemented the subject in their accountancy curricula [34,35]. In contrast, Ecuador and Uruguay lack Accountancy Theory in their university programs [23]. Uruguay is reported being in a process establishing legislation which makes accountancy theory compulsory [22]. Brazil and Chile integrated the subject in several university programs as regulated by law (Figure 2) [20].

Bolivia, Guatemala, Costa Rica, Puerto Rico, and a series of smaller Caribbean islands among which the Dominican Republic did not show any initiative moving AT in their university programs.

Act 145 of 1960 makes training on accountancy compulsory

for Colombian universities. Accountancy Theory should be an intrinsic part of the program. Nevertheless, despite this law, 57 per cent of the academic organizations do not offer this course. This results in a direct limitation to future accountants performing their accounting analyses.

Villegas, Bui, Apostolou, Daly [19,36-42] these previous research revealed that accounting education presents several obstacles that prevent students from developing their investigative capacity.

Although currently a minority of Colombian universities teach accounting theory some of them adopted this program component at the occasion of a revision of their curricula. These decisions are likely driven by the implementation of Act 145 of 1960 and the increasing research results on the issue.

There is an increasing need to implement Accountancy Theory in university programs both from the perspective of the students and of the trainers. An academic Accountancy Theory section in the training programs should contribute at:

- Analyzing economic facts and events using accounting records; the theory is an aid in understanding the background of these records.
- Building scientific knowledge and critical thinking (“learning to think the unthinkable”). This necessitates going beyond existing assumptions of immovable truths, while stimulating the scientific nature of accountancy.

Having a teaching-learning process on Accounting Theory opening new ways to address accountancy training is most indicated, if not obvious. The aim is to educate better trained students who contribute to the scientific and professional development of the discipline and to a more in depth understanding of the framework of financial phenomena and social mechanisms.

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