

BRIDGING THE GAP BETWEEN ACCOUNTING ACADEMIC RESEARCH AND PRACTICE: SOME CONJECTURES FROM ROMANIA

*Cătălin Nicolae ALBU*¹

The Bucharest University of Economic Studies, Romania,
and KPMG in Romania Fellow

*Șerban TOADER*²
KPMG in Romania

ABSTRACT

Answers have been sought to questions such as the following two for more than a decade: Why do accounting academics conduct research, and how important is this research to practice? This is not an easy task though. Academics' and practitioners' agendas, interests and approaches seem to be different, thus creating a gap between accounting academic research and practice. Various initiatives are intended to bridge this gap, to the benefit of academia, practice and students. Academics would integrate real-life data into their research and teaching, practitioners could find informed solutions to their immediate and future problems, and students would get a better understanding of the challenges and opportunities they will face in the future as professional accountants.

✦ *Accounting research, practice, bridging the gap*

INTRODUCTION

“We believe that research can, should, does, and will continue to affect the effectiveness and efficiency of individual firms, not-for-profit organizations, governments, and capital markets, as well as the governance of these entities and markets.” (Moehrle *et al.*, 2009: 412)

¹ *Correspondence address:* Cătălin Nicolae Albu, Faculty of Accounting and Management Information Systems, The Bucharest University of Economic Studies, Piața Romană nr. 6, Bucharest, Romania, Tel. +40 21.319.19.00, email: catalin.albu@cig.ase.ro.

² *Correspondence address:* Șerban Toader, Senior Partner, KPMG in Romania, Victoria Business Park, DN1, 69-71 București-Ploiești Road, Sector 1, 013685, Tel. +40741.800.800, email: stoader@kpmg.com.

This affirmation by Moehrle *et al.* (2009) comes in the context of an engaging debate about the role and contribution of accounting research to society. Calls have been made to re-analyze the relationship between research and practice (Tucker & Lowe, 2011) in accounting, in a similar way to other fields such as medicine, education, human resources or economics. Answers have been sought to the following questions for more than a decade now: Why do accounting academics conduct research, and how important is this research to practice?

Answering these questions is not a simple endeavor, considering the many comments, reactions, reports or papers published on this issue (Donovan, 2005; Inanga & Schneider, 2005; Moehrle *et al.*, 2009; Baldvinsdottir *et al.*, 2010; Parker *et al.*, 2011; Tucker & Lowe, 2011).

We strongly believe that while academia is recognized as an education provider, only a common understanding of the problems of academia and practice may lead to an increasing use of the results of research in practice, an increasing support of research by firms and professional bodies, and finally would allow accounting research to fulfill its utilitarian role in society.

The theme of this paper is therefore to address the seeming gap which exists between academic research and practice, and to propose some actions to bridge this gap. More precisely, this paper deals with the role of academia, the transformations in accounting academia at the international level and in Romania, the causes of a possible gap between accounting research and practice, and proposed actions to bridge this gap.

1. WHAT ARE ACCOUNTING ACADEMICS SUPPOSED TO DO?

The mission of accounting academia may be simply stated in terms of three functions: education (teaching), research and practice (Lee, 1989; Donovan, 2005; Parker *et al.*, 2011), despite the differences occurring over time on this matter, which we will address at a further point in the paper.

In terms of education, academia's role is to prepare students for the needs of the business environment. Previous literature on the educational role of academia (Albrech and Sack, 2000; Taylor and Rudnick, 2005; Gaffikin, 2009) suggests different perspectives. For some, accounting education should be in line with the expectations of current practice. This view is especially underlined by some practitioners and by some professional bodies, not surprisingly. For others (and this view is gaining more and more supporters nowadays), accounting education should still contribute to the development of accountants, but in line with the future needs of the business environment. And finally some argue that "academics have to produce a truly intellectual basis for the discipline" (Gaffikin, 2009: 184), and that the "educational process and curricula are based on a strong bias towards training for practice, rather than on education" (Inanga and Schneider, 2005: 228).

We take the view that accounting research might be defined as:

“a theory-based systematic investigation of, or enquiry into, a specific phenomenon for the purpose of discovering new facts or critical exposition of existing knowledge. The findings that emerge are normally expected to contribute to knowledge and bring about positive change.” (Inanga, 1998 cited in Inanga and Schneider, 2005: 229)

Consequently, the role of accounting research is to challenge, to criticize and to make contributions to knowledge. The results of accounting research are published mainly in academic journals, and occasionally in professional journals or textbooks.

While it is obvious that each of these areas (research, education and practice) requires particular attention, and strong and continuous interaction is needed between all of them, an analysis of the current situation over recent decades suggests that both accounting education and research are to some extent remote from practice. The next section provides a short historical evolution of accounting academia, at the international level and in Romania.

2. AN OVERVIEW OF HOW THE RELATIONSHIP BETWEEN ACCOUNTING RESEARCH, EDUCATION AND PRACTICE EVOLVED

Over time, academia's role and the meaning of 'research' have evolved and changed. Baker (2011) underlines that while physical sciences, humanities and social sciences were well established in American higher education by the middle of the nineteenth century, business education was integrated much later.

Prior to the 1960s accounting academia was oriented towards practice: education was focused on solving practical problems, faculty members had only professional certifications and significant practical experience, and research was mostly practice-oriented. In that period “accounting research was both descriptive and normative, involving prescriptions concerning the “correct” way to account for economic transactions” (Baker, 2011: 211).

Some argue that the introduction of doctoral studies created a mini revolution – this new regime inducing a rapidly growing level of sophistication in research (Bricker, 1993). Baker (2011) provides details about these transformations. He considers that the turning point was in fact a highly influential report written in 1959 by two American business school deans, who “recommended certain fundamental changes to American higher education for business, focusing on a move away from practical education to a more scientific approach” (p. 211). The consequences were that the Ford Foundation offered scholarships for students to follow doctoral studies in the principles of this report. These studies were mainly based at the University of Chicago and were finalized by dissertations involving the use of econometric models. These scholars founded what is called today the positivist or empirical paradigm.

This was the start of an evolution towards the use of complex research methodologies, and of theories as the foundation of accounting research, and generally towards a “sophistication” of research. The use of research publications as criteria in the ranking of universities, programs and researchers led to some extent to a focus on the publication process in itself, and not on the relevance of research. Nowadays it is considered that the selection of the topics for research and methodologies is based on the chances of publication, leading to an accounting research which is “esoteric” and “removed from the problems of the practice” (Gaffikin, 2009: 174).

Among other reasons for this gap between research and practice that will be outlined in the next section, this “sophistication” or research also triggered practitioners’ complaints about the impracticality and uselessness of the abstract, theoretical academic literature (Miller, 1977). However, two points should be outlined in relation to this evolution. Firstly, in line with Baldvinsdottir *et al.* (2010), it should be understood that from a social science perspective the primary aim of accounting research is “to explain and understand the behaviour of accountants”, not to change their behavior. Therefore, the primary goal of accounting research is the understanding, not the immediate applicability and the potential use in practice. Secondly, it should be underlined that this shift away from practice (as some label this evolution) was made with the support of practice. As was mentioned before, the Ford Foundation was very supportive of the initiatives towards conducting more scientific research. More than that, the events (conferences and academic journals) set up in those early years benefited from the strong support of other organizations as the American Institute of Certified Public Accountants (professional body) (among others).

This history placed in the American context is relevant for many countries nowadays, since the Anglo-Saxon model based on research outputs and research productivity influences academia around the world these days (Charreaux & Schatt, 2005).

It is generally held that the focus on publications (in terms of selecting topics and methodologies and writing papers) generated a shift away from the relevance of accounting research for practice. This is also the case in Romania. Before communism, there was a tradition in what Baker (2011) calls descriptive and normative research, with the immediate purpose of discussing implications for practice (Calu, 2005). During communism, the role of accounting in general was weakened, and for some years after the fall of communism academics revived the publication practices from the pre-communist period, meaning descriptive and normative research. Generally, new concepts and techniques were introduced into local literature, which consisted mainly of books and professional journals. Some might argue that the focus on a wide range of new concepts was not of so much interest for practitioners, but others argue that in emerging economies a culture of innovation and improvement might be developed through the assimilation of new methods. Therefore, it is difficult to assess the degree to which accounting research served accounting practice during that period.

Romanian universities and researchers in the economic field (including accounting) began to be interested in scientific publications and journal rankings after 2000, to become consistent with international practices. A separation between professional (with professionals as their main readership) and academic journals has been noticed. The readership of the journal influences the manner in which research is presented. This is true in Romania too. For example, Albu *et al.* (2010) find differences between the *Journal of Accounting and Management Information Systems* (an academic journal) and *Audit Financiar* and *Contabilitatea, Expertiza si Auditul Afacerilor* as journals published by professional bodies in terms of research methodology and methods, length of papers, number of references, and authors' affiliation.

More than that, journal rankings became very important for Romanian researchers and universities when considering publication outlets (Albu & Albu, 2012). This is a clear indication that Romanian accounting academia is aligned with the trends identified worldwide, meaning that research behavior is mainly oriented by the promotion criteria in terms of what is understood by research quality and productivity. Consequently, the investigation of a possible gap between accounting research and practice is also of interest in the case of Romania.

3. WHAT ARE THE CAUSES OF A GAP BETWEEN ACCOUNTING RESEARCH AND PRACTICE?

The causes of a gap between accounting research and practice may be found in three areas: (1) research characteristics and researchers' behavior; (2) the expectations of business professionals; and (3) the characteristics of the communication between academics and professionals.

It is considered that accounting research has become highly mathematical, employing sometimes exotic theories and with a reduced focus on practice (Bricker, 1993). However, for Baldvinsdottir *et al.* (2010) it is a surprise how empiricism, which is focused on what is happening in practice, leads to results that are not of interest for practitioners. The language used in accounting research (including mathematical formulae and an academic jargon) and the way in which results are presented and interpreted are considered to be the main obstacles for practitioners in interpreting results of accounting research. Besides these methodological difficulties, Singleton-Green (2010) considers that the volume and dispersion of research is also a problem for practitioners, in the sense that for a specific issue there is a huge volume of work, sometimes with conflicting results.¹

On the other hand, practitioners seem to expect to find solutions for their immediate problems in research papers (Miller, 1977). Tucker and Lowe (2011) suggest that practitioners are not motivated to read, understand and engage with accounting research. Therefore, practitioners are not interested at all in research: they are reluctant in disclosing data for research and do not get involved in challenges or debates (Parker *et al.*, 2011).

Therefore, and considering all of the above, we agree with Lee (1989) who considers that both academics and practitioners are self-interest oriented groups: practitioners are short-term and problem-solving oriented, while academics have career and promotion concerns. These separate interests led Tucker and Lowe (2011) to conclude that these two groups, academics and practitioners, have different agendas, values and ideologies, incentives, time horizons, knowledge and expertise, perceived roles and language.

However, the communication between these two groups might bridge the current gap, by developing a common understanding of the interests of each group and by engaging in common projects.

4. BRIDGING THE GAP – EXAMPLES OF PROJECTS AND IDEAS

In this section we focus our analysis on: (1) previous projects that should be viewed as good practices in terms of creating a bridge between research and practice; (2) some solutions to bridge the gap, at the international level; and (3) some comments on the Romanian context. These comments could become of interest for researchers worldwide, by providing a general overview and insights from an emerging economy.

4.1 Previous projects

Previous projects have already demonstrated the usefulness of accounting research for practice. It is considered that if practitioners knew that their research results influenced practice and how it influenced it, they would be more willing to invest in this activity and to use the research results (Moehrle *et al.*, 2009). In this respect, the American Accounting Association commissioned some research into contributions of accounting research for practice, and Moehrle *et al.* (2009) present the results, providing details about practices and regulations that have their origins in academic research. One example provided is that of the role of accounting research for accounting regulation: the prevailing reporting model used between the 1940s and the 1970s is that of matching historical costs to revenues in an income-statement approach, model which is based on the seminal work by Paton and Littleton (1940). After the 1980s a new model emphasizing a balance sheet approach and fair value measurement is used, for which much credit should be given to Robert Sprouse, an academic and FASB member.

The usefulness of research for standard setting is one of the most visible impacts of research for practice. In relation to this, Leisenring and Johnson (1994) provide some insights into this positive relationship: the FASB subscribes to the majority of major academic research journals (and also to professional journals), staff members review all issues and identify the articles of potential interest for FASB members' work. More than that, members attend academic conferences to see the work in process and maintain a continuous contact with researchers. Barth (an academic and at the date of publication, IASB member) explains (Barth, 2007) the reasons why standard setters are interested in research: it is rigorous, unbiased, and grounded in economic theory.

Other projects have been initiated by the editors of various journals. Some international journals very well ranked in different journal rankings also position themselves as being oriented towards practitioners. Examples of such journals include *Accounting in Europe*, *Accounting Horizons*, *Accounting and Business Research*, or the *Journal of International and Financial Management and Accounting*. For example, *Accounting in Europe's* aim is defined as follows: "to contribute to policy debate by publishing high quality articles that provide new insights for research, practice, policy and regulation". On the other hand, *Accounting and Business Research* has published a special issue for several years including the papers presented at an annual conference organized with the ICAEW, along with comments from practitioners on those papers.

There are also researchers who purposefully undertake research for its practical implications. For example, Fasshauer *et al.* (2008) make an in-depth analysis of the defined benefit pension plan disclosures by 265 companies listed on European exchanges, and highlight the effects of the corridor approach to the comparability of the accounting information. Their study is relevant for the standard setting process and provides input for the discussion on the revision of IAS 19:

"In conclusion, we encourage the IASB to move forward with its proposal to eliminate the corridor approach and require full recognition of actuarial gains/losses. This move would make IAS 19 more consistent with SFAS 158, thereby enhancing international comparability. If the corridor approach is not eliminated, many European companies will continue to use it to achieve off-balance-sheet presentation of major parts of their pension liabilities." (p. 121)

All these examples indicate that the gap is not as wide as some tend to believe. The following section provides other ideas to bridge the gap between research and practice.

4.2 Ideas to bridge the gap

Many suggestions have been advanced to bridge the gap between research and practice:

- Researchers should write guides through the literature (literature reviews) and indicate practical implications of their papers (Singleton-Green, 2010);
- Academics should attend practitioner conferences and events to interact with practitioners, and practitioners should interact with the academic community to learn about their research agenda and why they research certain topics (Cohen, 2007);
- Practitioner organizations and academic organizations could be founded to facilitate dialogue (Cohen, 2007);
- Academics could develop research questions in line with the need of practitioners. They might include the implications for practice in each paper and conduct research with practitioners (Rynes, 2007);

- Researchers should be aware that their research should inform practice and develop new ideas to address the needs of a changing business environment (Tucker and Lowe, 2011);
- Accounting research should be embedded in the social, political and institutional environment, theoretically informed and interdisciplinary to provide results relevant for practice (Parker *et al.*, 2011);
- In some cases, standard setters could need ex-ante research (Schipper, 1994) which would require a different type of data and approaches than researchers are used to;
- Practitioners should be educated on how to read, interpret and use accounting research (Leisenring & Johnson, 1994).

4.3 Comments for the case of Romania

While there is still a lot that can be done to facilitate communication between academia and the business environment, several projects that already function have had positive results in this respect. In recent years, Romanian universities and academics have developed projects and activities to bring closer academia and practice, involving professional bodies and organizations, and especially multinationals and big accounting firms. Some of these projects include:

- (1) Including accounting research methodologies in university curricula. This class intends to create awareness among future practitioners of research methodologies and theories, about how data is used in research, the importance of practitioners' involvement in providing data, and the potential use of research results for practice.
- (2) The long term partnership between ASE and KPMG in Romania, and the creation of the KPMG in Romania Professor and KPMG in Romania Fellow positions. This project offers opportunities for everybody involved in the process—it brings resources and recognition to academics; recognition and potential intellectual resources for KPMG in Romania, via research projects undertaken in cooperation with ASE's faculty; and not least, it brings practical perspectives to students' their academic training (practitioners from KPMG in Romania give guest-lectures on some courses taken by ASE students).
- (3) The organization by ASE and KPMG in Romania of an essay contest for students on the topic "Forecast that! A glimpse into the future of accounting". Donovan (2005) suggests that how students write a critical essay on a general accounting topic is relevant for the manner in which academia prepares future practitioners that are able to have long-term, critical thinking. Therefore, this initiative proves the interest of an accounting firm in long-term, creative thinking, not only for immediate solutions for current problems.
- (4) The special forum published as the present JAMIS issue, which is also an initiative intended to bridge the gap between researchers and practitioners. Practitioners from KPMG in Romania come close to the results of research and provide comments based on their experience. The papers and

the comments by KPMG in Romania included in this issue are also presented to the audience of the Accounting and Management Information Systems conference (AMIS 2012) to be held in Bucharest on June 13-14 2012, and sessions are open to both academics and practitioners.

CONCLUSION

This paper has addressed the relationship between academic research and practice, based on our experience and on a careful consideration of the literature dealing with the issue. Our conclusions can be summarized as follows:

- (1) Practitioners and researchers have different interests, agendas and incentives. While practitioners are generally oriented towards short term and specific (local) issues, academics are encouraged by the promotion/evaluation system to focus on what is expected of them by journals, which sometimes is of less immediate interest for those in practice.
- (2) The current situation is the result of the “history” of this relationship, but transcends people and countries; no one person or professional body can be held “responsible” for the current situation; the overall condition results from a social, economic, and institutional context.
- (3) Both academics and practitioners would benefit from a closer relationship – academics might gain access to data and more logical explanations, enhance their reputation, and incorporate actual data into their research and teaching, while practitioners might receive ideas contributing to the efficiency and effectiveness of their organizations.
- (4) Accounting research should be utilitarian, useful for society. Otherwise it is redundant (Donovan, 2005). To fulfill this function, cooperation and communication between academics and practitioners is critical. In this respect, we agree with Cohen (2007), who argues that science needs to find a way to deliver to practitioners, and practitioners need to learn to be more accepting and appreciative of academic research.

In closing, we consider that the words of Tucker and Lowe (2011: 46) perfectly describe the current situation and the potential benefits of increasing cooperation between academics and practitioners:

“Practitioners are from Mars; academics are from Venus? [...] Although properties such as gravity, temperature and atmospheric pressure vary vastly on Mars and Venus, the variation is a matter of extent and a function of the origin, nature, composition and location of those worlds; the properties nevertheless exist. Similarly, agendas, interests, motivations and predilections between practitioners and academics in their attitude to, and utilization of research differ, but benefits may result for those who are prepared to explore. While the research–practice gap will undoubtedly persist, there are opportunities to

discover and create alternative foundations for and approaches to the challenge of actualizing the potential of academic-practitioner relations to mutually contribute to each other - irrespective of their planet of origin.”

We particularly thank all authors (academics and practitioners alike) accepting to present their work at the special AMIS – KPMG sessions organized during the AMIS 2012 International conference, and that is published in this special issue.

ACKNOWLEDGMENTS: This work has been supported by CNC SIS-UEFISCSU, project number PN II-RU TE 337/2010 entitled “A model of the factors influencing the professional profile of the Romanian accountants in business. A study on the profession’s adaptation to the current business environment and a forecast”.

REFERENCES

- Albrecht, S.W. & Sack, R.J. (2000) “Accounting education: charting the course through a perilous future”, *Accounting Education Series 16 – American Accounting Association*, available on line at <http://aaahq.org/pubs/aesv16/toc.htm>
- Albu, N. & Albu, C.N. “How to perform in the field of accounting research? The case of Romania”, *International Journal of Critical Accounting*, vol. 4, no. 2: 145-174
- Albu, N., Albu, C.N., Bunea, Ș., Gîrbină, M.M. (2010) “Publishing patterns in accounting – an analysis of articles published in three Romanian accounting journals”, *working paper*
- Baker, C.R. (2011) “A genealogical history of positivist and critical accounting research”, *Accounting History*, vol. 16, no. 2: 207-221
- Baldvinsdottir, G., Mitchell, F. & Norreklit, H. (2010) “Issues in the relationship between theory and practice in management accounting”, *Management Accounting Research*, vol. 21: 79-82
- Barth, M.E. (2007) “Standard-setting measurement issues and the relevance of research”, *Accounting and Business Research*, special issue: 7-15
- Bricker, R. (1993) “Toward understanding academic research (Accounting)”, *CPA Journal*, February
- Calu, D. (2005) *Istorie și dezvoltare privind contabilitatea din România* [History and development regarding Romanian accounting], București: Economică
- Charreaux, G. & Schatt, A. (2005) “Les publications françaises en comptabilité et contrôle de gestion sur la période 1994-2003 : un état des lieux”, *Cahier du FARGO*, No. 1050101.
- Cohen, D.J. (2007) “The very separate worlds of academic and practitioner publications in human resource management: Reasons for the divide and concrete solutions for bridging the gap”, *Academy of Management Journal*, vol. 50, no. 5: 1013-1019
- Donovan, C. (2005) “The benefits of academic/practitioner collaboration”, *Accounting education: an international journal*, vol. 14, no. 4: 445-452

- Fasshauer, J.D., Glaum, M. & Street, D.L. (2008) "Adoption of IAS 19R by Europe's premier listed companies: Corridor approach versus full recognition. Summary of an ACCA research monograph", *Journal of International Accounting, Auditing and Taxation*, vol. 17: 113-122
- Gaffikin, M. (2009) "Education for an accounting profession", *Pacific Accounting Review*, vol. 21, no. 2: 170-185.
- Inanga, E.L. & Schneider, W.B. (2005) "The failure of accounting research to improve accounting practice: a problem of theory and lack of communication", *Critical Perspectives on Accounting*, vol. 16: 227-248
- Lee, T. (1989) "Education, practice and research in accounting: gaps, closed loops, bridges and magic accounting", *Accounting and Business Research*, vol. 19, no. 75: 237-253
- Leisenring, J.J. & Johnson, L.T. (1994) "Accounting research: On the relevance of research to practice", *Accounting Horizons*, vol. 8, no. 4: 74-79
- Miller, B.W. (1977) "What is accounting research supposed to do?", *Management Accounting*, Vol. 59, No. 6: 43 – 48.
- Moehrle, S.R., Anderson, K.L., Ayres, F.L., Bolt-Lett, C.E., Debreceny, R.S., Dugan, M.T., Hogan, C.E., Maher, M.W. & Plummer, E. (2009) "The impact of academic accounting research on professional practice: An analysis by the AAA Research Impact Task Force", *Accounting Horizons*, vol. 23, no. 4: 411-456
- Parker, L. D., Guthrie, J. & Linacre, S. (2011) "The relationship between academic accounting research and professional practice", *Accounting, Auditing & Accountability Journal*, vol. 24, no. 1: 5-14
- Rynes, S.L. (2007) "Let's create a tipping point: What academics and practitioners can do, alone and together", *Academy of Management Journal*, vol. 50, no. 5: 1046-1054
- Schipper, K. (1994) "Academic accounting research and the standard setting process", *Accounting Horizons*, vol. 8, no. 4: 61-73
- Singleton-Green, B. (2010) "The communication gap: Why doesn't accounting research make a greater contribution to debates on accounting policy?", *Accounting in Europe*, vol. 7, no. 2: 129-145
- Taylor, V.A. & Rudnick, M. (2005) "Accounting education: Designing a curriculum for the 21st century", *Journal of American Academy of Business*, vol. 6, no. 2: 321- 323
- Tucker, B. & Lowe, A. (2011) "Practitioners are from Mars; Academics are from Venus? An empirical investigation of the research – practice gap in management accounting", *working paper* presented at the AAA 2012 Management Accounting Section (MAS). Available at SSRN: <http://ssrn.com/abstract=1908461> or <http://dx.doi.org/10.2139/ssrn.1908461>

¹ Of course some of these results are not conflicting to an experienced researcher, familiar with research methodologies and designs. Still, for a professional it is sometimes very difficult to understand the different research setting leading to apparently different results.