



## RESEARCH ARTICLE

### INTEGRATING ACCOUNTING EDUCATION, RESEARCH AND PRACTICE: AN EMERGING ISSUE IN INDIA

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#### ABSTRACT

Liberalization and globalization of the Indian economy has thrown new challenges before the academicians, researchers and professionals and the emerging challenges have forced them to join hands with each other in providing accounting education in India. Development in global accounting is the burning challenge globally including India. The growth of multinational firms and international business has given impetus to international co-operation in the setting of international accounting standards. Research in accounting sponsored by accounting associations or individuals has had a salutary effect in raising the general level of accounting. Sociological, technological and economic changes have considerably affected the accounting practice and accounting thought. These changes have felt the necessity of integration of accounting education, research and practice. This paper is a modest attempt in this direction and examines the useful interrelation between the three functions and identifies the gaps. The desirable linkages are required to be established by all concerned.

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#### BACKGROUND

Accounting is not in a finished form; it is in the process of evolution. Its environment has undergone vast changes in the last three decades and an accelerating rate of change is expected in the future. Accounting theories like all other disciplines are in the process of development in historical continuity. To keep pace with the changing objectives of accounting and changing economic development, new and better accounting education becomes necessary from time to time and accordingly gradual changes are made over time. In a sense, accounting education has been in practice from the very beginning of civilization (Lunia 1968). Development of accounting education in the Mauryan Period, Gupta Period, Rajput Period, Muslim Period, etc. led to the changes of objectives of keeping accounts (Gohil 2005-2006a).

#### INTRODUCTION

Accounting is taken as the language to communicate economic information of a concern at regular intervals to various interested parties. To meet the requirements of different interested parties, a multi-dimensional accounting system is designed which is considered absolutely necessary in forecasting, planning, controlling, social accounting, managerial decision-making, etc. Gradually, a shift in the direction of accounting research and the nature of accounting theories developed.

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Attempts are made by several accounting researchers and practitioners to develop specific accounting theories based on scientific methodology and practical experience. New empiricism is concerned with the development of specific empirical theories on the basis of scientific methodology and practical experience applying improved statistical techniques to establish them. The motivation of this paper is to seek the necessity of accounting education, research and practice. This paper also explains the reasons behind the integration of accounting education, research and practice in India, which is the crying need of the hour today.

#### Objective of the study

The prime objectives of the study are

- To find out the main motivation relating to accounting education in India.
- To deal with the emerging issues in accounting education in India.
- To search out the reasons behind integration of accounting education, research and practice.
- To offer suggestion, if any, for the betterment of accounting education in India.

#### MATERIALS AND METHODS

This paper being based on concepts, the opinions expressed in this paper manifest basically the author's own opinion, thought etc. and also opinion, thought etc. of some reputed authors.

This paper discusses about certain fundamental and theoretical aspects of the concept of accounting education, research and practice in India particularly. The study is organised into different phases as follows:

- Deals with main motivation relating to accounting education in India.
- Contains emerging issues in accounting education in India.
- Sheds some light on the necessity of development of integration of accounting education, research and practice.
- Offers suggestions for further improvement of accounting education or teaching in India and
- Lastly concluding comment or conclusion has been drawn on the basis of the study.

More and more emphasis is ascribed to the awareness of integration of accounting education, research and practice as this is supposed to be the crying need of the day.

## RESULTS AND DISCUSSION

### Main motivation relating to accounting education in India

The following factors are responsible for the development or motivation related to accounting education, research and practice:

- The sociological, economic and political changes have led to the development of national accounting or social accounting influencing the study of national income and national wealth (Jain and Narang 1985a). In this branch of accounting, instead of studying individual transactions, aggregates are collected by practitioners from different sectors and national income and national wealth are determined.
- The main reason for the researcher's reliance on finance, accounting and management accounting is that financial data are easily available in the market.
- The necessity of accounting records not taking care of price level changes becomes seriously impaired and demands on the accountants for adjusting financial accounting for inflation, which has given birth to inflation accounting.
- States' interventions in the business organisation realising their social responsibility have achieved importance at present time leading to the development of Government Accounting as a special branch of accounting.
- The development of multinational and international business enterprises has inspired the setting of international accounting standards (Jain and Narang 1985b).
- Proper economic development planning and determination of monetary and fiscal policy necessitating information induce the development of better and new accounting systems recently.
- The increasing trend of showing the combined results of the economic functions of all business enterprises, private as well as government taken as a whole for the purpose of designing and controlling entire economic activities of a nation, has helped achieve a remarkable

development in the current accounting system through social macro accounting.

- Increased consciousness of the different accounting personnel about the necessity for the formulation of a well-planned, consistent, sound and systematic body of accounting education has led to the development of better accounting principles and practices.
- Increased complexity of business results in processing of accounting information more difficult unless a different type of mechanism is applied to cope with the voluminous information.
- The recent development of closer ties between accounting and economics, accounting and statistics, etc. has induced the progress of accounting in different new branches.
- Accounting research and practice are promoted in India due to easily availability of published data.
- In the co-operative sector and even small-scale units, the primary data for accounting research is conspicuous.
- Researchers decide to choose soft options for analysing the published accounts.
- Post-graduate i.e. M.Com syllabus is also the other factor responsible for accounting education in India.
- Of late, many universities have framed a new research methodology at PG and MPhil levels.

### Emerging issues in accounting education in India

Accounting is as old as money itself. Act of accounting was not as developed as it is today because in the early stages of civilization, the numbers of transactions for recording were so small that each businessman was able to record and check all transactions. It is only in the late thirties that the study of the subject "Accounting" has been taken up seriously. Of late, large-scale production, cut throat competition, widening of the market and changes in the technology have brought a remarkable change in the field of accounting. Accounting education has entered into the 21st century with the old issues of the 20th century. It has changed with the new challenges emerged in the current competitive world. Various studies conducted have given stress on inventorising the doctoral level researches in the sphere of accounting education and finance at various universities and felt the need for further research based on the emerging environment of liberalization, globalization and even developments in information technology (Gohil 2005-2006b). A further study of the present accounting education in various educational institutions of India shows different pictures. Some institutions have a separate postgraduate department of accounting under the faculty of commerce, while some others have a school of commerce with no departmentalization at all under the said faculty of commerce. In addition, few universities have a single department of commerce and many universities having no postgraduate department of commerce, have industrial and business management department under the faculty of commerce (Gohil 2005-2006c). Several practitioners i.e. "Professional and other Accountancy Bodies" established in different countries of the world have played a vital role in (a) the development of accounting theory; (b) in bringing a uniformity in accounting concepts, principles and practices; (c) in developing common standards for different areas of accounting activities; (d) in defining different terms used in accounting and (e) in carrying out many accounting research works. Various professional

bodies like the Institute of Chartered Accountants of India, the Institute of Cost and Works Accountants of India (at present known as the Institute of Cost Accountants of India) perform the following important functions:

- Carefully examine the contemporary accounting principles and practices.
- Prescribe solutions to different problems confronting the accountancy profession.
- Develop and publish different accounting principles.
- Issue publications of accounting standards.
- Undertake many accounting research projects.
- Help improve accounting thought and knowledge.
- Try to spread professional ethics.
- Help the growth of accounting literature through official organs like journals.
- Provide educational and training facility to prospective accountants. Clear concepts, principles, standards, rules and procedures are established by these practitioners.

From the foregoing analysis of the system of accounting education, research and practice prevailing in the various states of India, we can ascertain that the educational institutions have a separate distinct board of studies especially in India, but it becomes difficult task to them to make the system of accounting education and research develop fast and shows declining trend for specialisation in Accounting. More and more guidance facilities for doctoral degree are required in the branch of accounting education so that research activity grows rapidly in number in India.

### Integration of accounting education, research and practice in India

Establishing a meaningful relationship among accounting teachers in universities or colleges, statutory professional bodies i.e. practitioners and researchers have always been an issue (Beaver 1984). The educational institutions should function like other regulatory bodies in India. Schools of accounting at selected universities should have a separate department of accounting, auditing etc. while other universities should be encouraged to establish a separate department of accounting mainly with specialized Bachelor's as well as Master's degree in accounting. University Grants Commission, various professional bodies, governments, industry, etc. should make necessary provision for funding of these institutions. The functions i.e. accounting education or teaching, research and practice represent valuable opportunities for coordination among these three activities which can only ensure the real progress of the body of knowledge, accounting. No group has any monopoly over any of these functions. Some are basically practitioners; some are educators i.e. teachers and some are researchers overlapping on the other two functions. The interrelation among the three functions has been explained with the help of applying Robert S Kaplan's or William R Kinney's triangle (Kaplan 1989) and (Kinney 1989) (Figure 1). Accounting education performed by accounting teachers transfers the knowledge to the new generations of managers and accountants. Academic world transfers these to the practitioners. Again, academic world receives feedback from the practitioners' experience. Empirical study using real-life problems and its treatment in the hands of management makes the classroom teaching more effective and practical bias.

Managers solve the practical problems from their experiences applying, of course, theoretical knowledge acquired in their students' life.

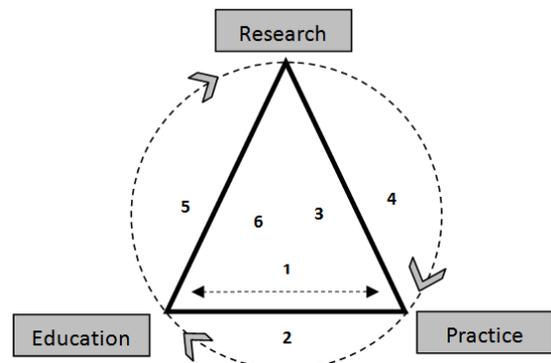


Figure 1.

Thus, the accounting teaching gets tested in practice. R.S. Sterling (1973) said, "We, educators teach our students acceptable practices so that they can get jobs. Practice compliments education in that it provides educators with information on what are the acceptable practices". Actually, teaching-practice relation is cordial and there is no conflict. Practice compliments education with the acceptable practices. Problems appeared in practice are to be searched by researchers theoretically and empirically. The results obtained from the research work are to be passed on to the industry and business enterprises for their benefits and advantages. The results so obtained can be included in teaching curriculum. Any gap found in theories should be examined by researchers and teachers or educators should influence selection of research problems (Wyatt 1989). Teachers and researchers can enhance the stock of existing knowledge through research work which might be passed on to the current and future generations. The interaction among the three functions viz. teaching, research and practice is not up to expectation not only in our country but also in advanced country like USA. Research results are not timely inducted in teaching and thus there remains always a dangerous gap among the thinking in universities/colleges, practice and research in thriving organisations.

### Concluding Comment or Conclusion

Lack of evidence of the ancient system of accounting makes it difficult for us to comprehend the exact years of starting accounting in the world particularly in India. The liberalization and globalization of the Indian economy has thrown new challenges before the business, professional and other academic worlds. At present, acceptance of international accounting standard and finance has made the task compulsory. The World Trade Organization (WTO) will promote the global mobility of accounting professionals and education. Teachers and scholars should select appropriate research problems with the object of urgently needed solutions to emerging practical problems and long-term responsibilities of accounting professions seeking help in taking vital decisions at the macro-level. Various professional bodies should seek advice of the well-known academicians for coming out of the age-old practices in the name of acceptability and also for facing many hidden problems between theory and more informative methods and so-called "generally accepted accounting

principles". The desirable linkages among the three functions should be established by all concerned for all round development. Not only this, the emerging challenges at present will instigate the academicians, professionals and businessmen to join hands in developing accounting education in India. Now-a-days, development in global accounting is the burning challenge facing India and the rest of the world.

### Suggestions

The following suggestions are offered for further improvement of accounting education or teaching in India:

- Separate department of accounting and finance has to be established more under the faculty of commerce.
- More emphasis for B.Com accounting and M.Com accounting and finance degrees at the universities and colleges should be given.
- Research work and dissertation writing at the university level of studies should be made compulsory.
- Co-ordination committee at all universities may be formed at state level accounting education/teaching, research and practice to co-ordinate and co-relate these three functions.
- Besides accounting, research in other fields of accounting like taxation, auditing, etc. should be given serious thought.
- The University Grants Commission should select one university department to act as guide for promoting accounting education in India.
- Development of global business and international finance is possible only by accounting education, research and practice when a sound global curriculum in the accounting field is ensured.
- Accounting being a part of law, economics, statistics as well as finance is to be incorporated in the current information technology and integration with computers and financial services should be done on a priority basis.
- Accounting education is to be integrated with other skills like communication and organizational behaviour with training.
- Accounting education should be interlinked with environmental data and decision making in an organisation. Mode of accounting teaching should be linked with computer software.

- Special emphasis should be given for making the syllabus up to date and interesting. Accounting being specially a practical-biased subjects leading university should always keep its eye opened so that a linkage remains constant among the three functions viz. accounting education, practice and research.

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