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BRIDGING THE GAP BETWEEN THEORY AND PRACTICE IN ACCOUNTING

Case Study

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Financial information system;
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The gap between theory and practice;
Didactic principles

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Abstract

The current paper aims at raising awareness about the differences between theory and practice in accounting. It focuses on the logical path that a student or a novice in this field must follow in order to apply theoretical knowledge into practice. The role, the structure, and the features of the financial information system (as part of the informational system of the entity) are presented in comparison with the accounting ledgers used in the traditional accounting (where transactions were recorded manually). These ledgers are the starting point of any accounting when acquiring the practical knowledge. In addition, the paper considers the didactic principles most suitable to bridge the gap between theory and practice in accounting.

METHODOLOGY

Our hypothesis is that there is a gap between theory and practice in accounting. The literature and the practical reality in the field have been studied and the structure of the financial information system has been compared to the accounting books and ledgers.
The research methods include general and specific approaches regarding the critical analysis of the financial information system such as participative observation, classification, information ordering and systematization, comparative analysis and interpretation of the data process in the financial information system.
By reviewing the literature in the didactics of accounting, specific instruments bridging the gap between theory and practice have been identified.

INTRODUCTION

The current paper springs from the author's desire to cross the gap between the acquired theoretical knowledge and practice in accounting thus combating a popular myth among the practitioners, which states that "practical reality is different from the theory".
The study identifies the main barriers which can arise in the process of bridging the gap between theory and practice in accounting. Our hypotheses consider the impact of using the financial-accounting information system on accounting practice. The characteristics of this system and the way the information is processed are also analysed.
In order to support the process of bridging the gap between theory and practice, the paper clarifies which didactic principles are the most suitable for this process.

THE IMPACT OF INFORMATION TECHNOLOGIES ON ACCOUNTING

The appearance and the development of the information society, consisting of integrated, massive and generalized use of information and communications technologies in all the domains of the economic-social life strongly marked the development of the information systems in an attempt to manage information and allow its managers to use it profitably (Ivan, 2011).
Considering the importance of financial information in our society, it becomes crucial to know and understand the financial information system. Within this system, the financial information is produced in the decision-making process, which is important for both internal and external users. Therefore, in order to know the particularities of the financial information system, it is necessary to know its place and role in the entity (Mihălțan and Mărginean, 2015).
The information system can be defined as the sum of the closely interdependent components used to meet the organizational objectives (Ulric and Dull, 2011); its components represent informational subsystems specialized in certain domains.
From the perspective of the departments in the organization, the information system is composed of several subsystems, permanently connected to the external environment. The core of the information system is represented by the financial subsystem given the high volume of financial information (the specialists in this domain state that this information represents over 40% of all the economic information). By means of this financial subsystem, the economic events that take place are recorded and information-carrying financial reports are drafted (Pană, 2011).
In spite of introducing an information system the objective function and the basis of accounting have not changed. However, with the technological change, accounting has gone beyond recording, summarizing and reporting transactions; it extended throughout the organization including delegated functions or processing methodologies, controls and outputs, all of which are considered as "the system". The system is in fact the "anatomy" of accounting. It includes all dimensions of business operations, including the flow of financial data across the organization and beyond (Zenuni, Begolli and Ujkani, 2014).
The main impact of technology in accounting is that the processing of data and information is quicker nowadays than before, when only ledgers were used.

THE FINANCIAL INFORMATION SYSTEM – A PRACTICAL TOOL IN ACCOUNTING

The main function of the financial information system is to fulfill the need of the decision-makers from the organization, namely the need for information. The accounts represent the source of the data processed in the system and the financial information obtained following this process. Financial information represents a source of knowledge for the leadership and other parties. The role of the financial system is to provide information allowing the substantiation of future decisions.
Consequently, the financial system also accomplishes other functions, such as:

- Forecast: deducing the necessary information in a given situation;

- Interpretation: the condition of the system is established based on the analysis of the generated information;
- Training: non-specialists in financial information can be familiarized with it by using dialogues under the form of tiered menus;
- Design: setting technical objectives;
- Control: by own subsystems and monitoring interfaces;
- Diagnosis: becoming aware of the defects of the system (Ivan, 2011).

The data processed by the financial information system, as a subsystem of the information system of the organization, are taken over from the information system as well as from other sources.
To attain the organizational objectives, this system depends on the means needed for its operation and facilitates a rapid access of the leadership to the information; thus it allows the management to exert an efficient and effective control. It is also important for the outside of the organization, namely for the users of the financial information, who are interested in the activity of the organization. (Mihălțan and Mărginean, 2015)
Moreover, besides automation, reporting and analysis the system has many other features such as:

- Quick Insights - The software provides well-maintained and easy-to-understand reports in order to help businesses get insight.
- Cloud Storage - The hosted software allows businesses to keep their data safe in the cloud, which eradicates the need for further investments into local storage.
- Security - The cloud-based accounting software ensures that your business data is 100% secure and can only be accessed by authorized users.
- Collaborative Environment - Multiple users can access the same file at the same time without causing disruptions. It means that businesses can work in real-time and can discard "multiple files-same name" storage issues.
- Paperless Workplace - The cloud is also a smart option of environment-friendly accounting as all your work is stored in the cloud, and you do not need to maintain anything manually (APPTUS, 2018).

All in all, these are the basic features that almost every accounting software includes.

THEORY AND THE INFORMATIC SYSTEM OF ACCOUNTING

In theory (and "pre-information" accounting era), even in practical examples, all the recording and data systematization are made successively. However, the information software, due to its features, makes almost all these processes simultaneous. When introducing transactions or operations data all accounts and books undergo certain changes.
This is the main difference between theoretical accounting and practical reality, which is shown in Figure no. 1 – *The process of data in traditional accounting* and Figure no. 2 – *The process of financial data by a financial information system.*

BRIDGING THE GAP

A study published by Johnson in 2014 reveals that the accounting field faces a gap between the perceptions of classroom learning and the experiences of practitioners in the field. In order to explore this problem, the study examined the retrospective academic experiences of mid-career professionals in the accounting field. The participants in the study clearly indicated that, in their perception, professors who integrated practical experience into the classroom had a greater impact on their career success. Furthermore, these professors were clearly perceived to play an important role in guiding students in the professional field. In response to these experiences, accounting faculty and accounting practitioners should seek out opportunities for greater articulation and connection between companies and school. However, accounting programs should remain cognizant of the fact that business students are "instrumentalists" and seek a balanced approach between building a strong academic foundation and connecting to practical application. However, it is clear that a more symbiotic relationship between theory and practice would likely result in more satisfied graduates, better jobs for graduates, and better understanding of the challenges of teaching in the classroom (Johnson, 2014).
The paper aims at establishing the didactic principles governing the learning process of accounting students, the teaching methods of professors and the ways to bridge the gap between theory and practice in accounting.
The present study has identified that these didactic principles represent general, essential and relatively stable rules. They have an objective character and act independently in the process of learning. They have an algorithmic character because they are expressed through a set of rules and requirements. They have a dynamic character, evolving in concordance with the educational process (Costea,Șerdean and Florea, 2004).
In our opinion, there are two main principles which, if applied, will help bridge the gap between theory and practice:
1. The intuition principle or the principle of the unity between the real and the abstract, the rational and the sensorial requires that the learning process start from the real contact with the studied

object or phenomena, from the concrete reality; it has the purpose to internalize the gained perceptions via senses and to form representations through an intense mental activity. The principle is achieved by using a wide range of teaching aids during a lesson or a seminar. A classic example is the explanation of the equilibrium price. For the intuition principle to be efficient, it is necessary that the didactic intuitive material corresponds to the aim of the lesson and helps students notice the essential aspects and involves as many senses (sight, hearing and smell) as possible (Tascovici and Dragomir, 2011).

2. *The principle of connecting theory with practice* is naturally connected to the intuition principle and considers that economic issues are naturally linked to practical activities.

This principle can be applied in several ways:

– the presentation of the application of the knowledge in a domain and its illustration with concrete examples;

– problems and exercises specific to every object;

– appropriate methods used in the teaching-learning process, such as case studies, company games;

– visits to companies;

– laboratory work and practice activity.

By applying the principle of connecting theory with practice, students' knowledge and life experience are improved. The knowledge they acquire gains an operational value, by developing abilities and skills. Students' sense of observation, thinking, imagination and attention are also developed; their motivation is stimulated; new attitudes and beliefs are formed.

By observing these principles students go through affective and attitudinal changes and enhance their confidence in knowledge and their abilities, which will definitely increase the efficiency of the learning process and will lead to the development of systematic work, positive life and character features (Tascovici and Dragomir, 2011).

The findings of a study published by Zenuni, Begolli and Ujkani in 2014 revealed that bridging the gap between theory and practice in accounting can be achieved easily through a mutual interaction between professional bodies and universities.

CONCLUSIONS

Considering our research in this field, our conclusion is that there is a gap between theory and practice in accounting, which is more obvious for the student at the beginning of their career. This is partially a result of the introduction of information technology in accounting on a large scale. The financial-accounting information system has a structure which follows the "anatomy" of the informational flow of accounting. Within this system data is processed simultaneously in all virtual ledgers, while at university students learn to record the patrimonial changes successively. A change of paradigm must take place in the mind of the student.

In order to help beginners to better face reality, professors must apply the didactic-economic principles to the learning process and collaborate with business companies; this will bridge the gap between theory and practice and will facilitate students' transition from school to work.

Acknowledgement

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FIGURES

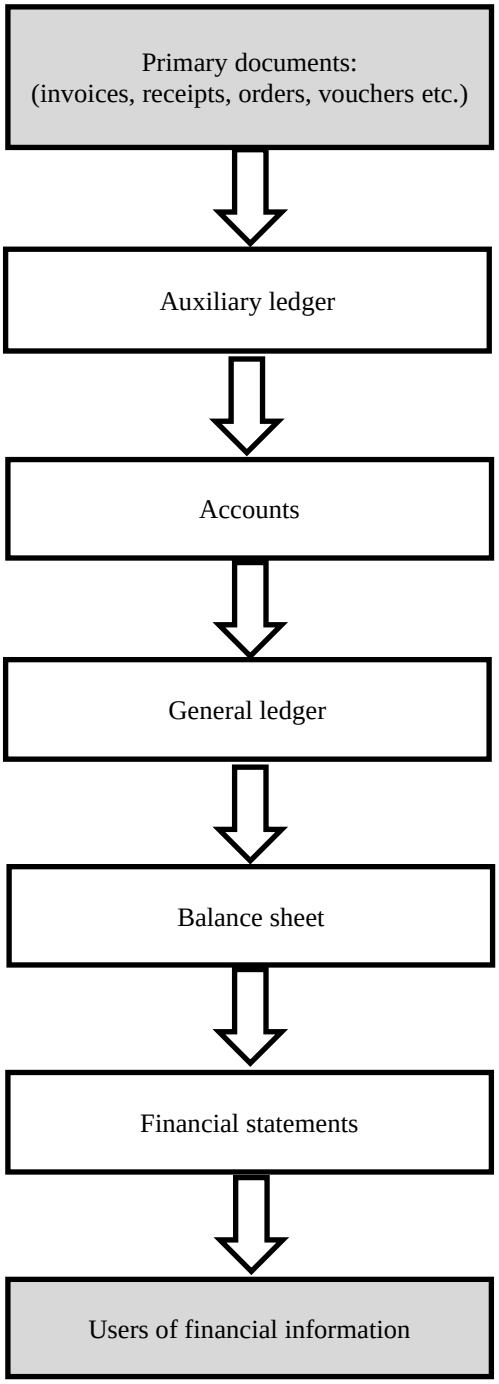

Figure No. 1
The process of data in traditional accounting

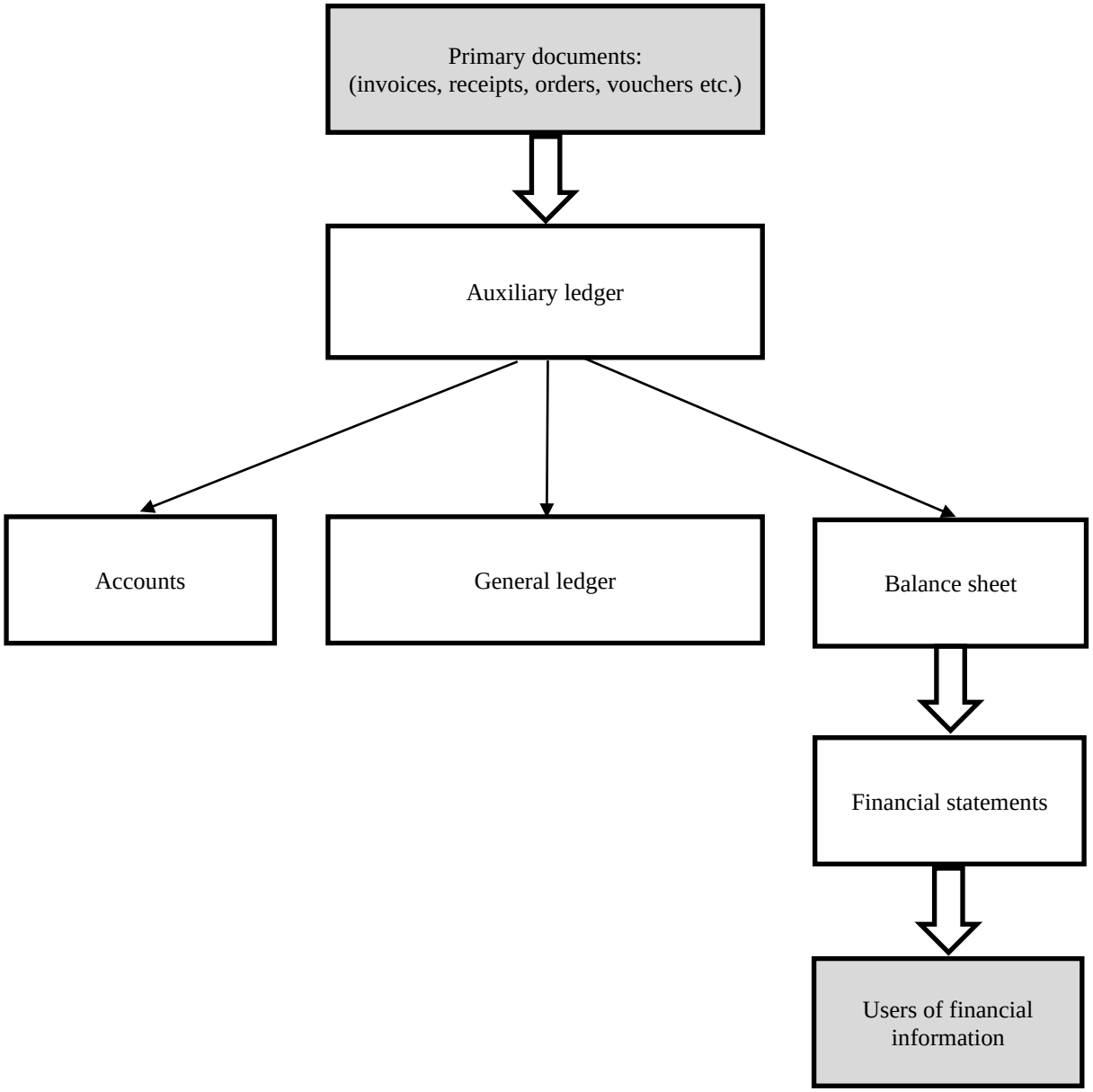

Figure no. 2
The process of financial data by a financial information system.