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Accountancy is a career for educated men

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ACCOUNTANCY IS A CAREER
FOR EDUCATED MEN

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ACCOUNTANCY IS A CAREER FOR EDUCATED MEN



Every college senior naturally is eager to find upon his exit from the academic environment a vocation which will permit him to exercise the abilities which four years of intellectual development have given him. It is discouraging, therefore, to find that those intangible faculties a university training is intended to produce, which are inadequately defined as creative imagination, analytical instinct, facility in self-expression, etc., appear to be of no immediate, practical value because the student is innocent of specialized technical knowledge and business experience.

While the immediate remuneration is usually not the principal concern of a college student in selecting his life work, there is grave danger, as his college friends who have been graduated in preceding years will tell him, that he may accept a position which he will find unattractive and barren, even, of an ultimate opportunity for the success which he desires. Many young men in this situation experimentally shift about from one kind of work to another in search of that which seems most suitable for the abilities which are peculiar to them. Too many changes of this kind, however, may seriously mar a man's record. A diversity of scattered experience is likely to militate against his chances for eventual permanent placement and to injure his confidence in himself as well.

In almost every case there is some particular type of work in which a man will be most happy and successful, and the fundamental factor here is his predilection for the activity in which he must engage. He must like the work. But a man whose whole experience in life has been academic is obviously seldom able to choose such a vocation accurately, because he has not sufficient knowledge of the opportunities which are offered. He needs various contacts with the practical world to determine definitely the line of endeavor to which he is best adapted.

The discussion here presented will deal with what is perhaps the best method known for an educated man to obtain an insight into a variety of business enterprises without wasting his time and energy in a multitude of unrelated positions. This method consists of experience in accountancy.

Accountancy, until the recent past, has not been brought directly to the attention of college men as a possible field for their activities. The American Institute of Accountants, a national professional organization whose purpose is to advance in every way the interests of accountancy, has felt that both the student and the profession have missed opportunities because of the absence of such an informative relationship. The Institute, therefore, has constructed a plan whereby qualified college graduates may obtain positions with reputable accounting firms and has prepared this pamphlet in the hope that it may reveal to some ambitious men a goal quite worthy of their talents and ideals.

It is to be emphasized at the beginning that this plan does not apply only to men who have had technical training in accountancy. College men who possess high intellectual and personal endowments and who have had broad

cultural training will find attractive opportunities in the profession whether they have previously studied accountancy or not. Any student who has completed a four-year college course and has received any recognized degree is eligible to apply for the service provided in the Institute's plan.

Accountancy is the medium by which the results of commercial transactions, industrial operations and financial relationships are controlled and interpreted. The services of public accountants are indispensable in the complex ramifications of modern commerce and industry. They are specialists in the financial relations of business and their functions constitute a tremendously important factor in commercial operations, in offerings of securities and in reorganizations and consolidations, as well as in a multitude of other ways.

Naturally, in this kind of work there is a great amount of detailed labor to be performed. There is no lack of men to execute these routine duties; indeed, the field is saturated with accountants who are capable of fulfilling the mechanical needs of the profession. But there is a definite demand for broadly educated men who are potentially able, after familiarizing themselves with the preliminary work of the accountant, to conceive the solutions to important problems and to plan and direct the execution of them. Such men must have cultured minds which will permit the survey of complicated problems in complete perspective; they must have well proportioned judgment to discriminate between significant and inconsequential details; they must have the linguistic ability to express clearly the results of analysis. Intellectual confidence, which is the product of experience with formal knowledge and the greatest benefit offered by college training, is essential in the inevitable, intimate

relations of public accountants with the leaders of the enterprises which they serve.

The men who are to occupy these high positions in accountancy must, obviously, be distinctly above the average, and consequently they will receive unusual rewards. Accountants who have the imagination to construct and the ability to execute will have no difficulty in obtaining ample pecuniary remuneration.

The goal of every public accountant is to obtain a Certified Public Accountant certificate and to become a partner in an existing public accounting firm or to create a firm for himself, building up his own clientele. In this situation the possibilities are almost unlimited.

Moreover, training in public accountancy offers a unique advantage. By reason of the intimate knowledge which the public accountant necessarily acquires concerning the financial affairs of business, any experience in accounting will afford a proportionately extensive acquaintance with the methods of administration in different business organizations. This knowledge may be directly capitalized if an accountant decides to leave the professional field and pursue other lines of commercial endeavor. It is not unusual for wealthy men to place their sons in the offices of public accountants to acquire a thorough intimacy with business methods which will later enable them to occupy responsible executive positions.

The membership of the American Institute of Accountants comprises most of the leading practitioners of accountancy in the United States. Certain firms whose partners are members of the Institute have agreed to employ each year a number of college graduates, and the Institute has formed a Bureau for Placements to arrange the details between prospective employers and students who wish to avail themselves of the opportunity which

is offered them, without charge to the latter. The men applying for positions will be rigorously selected, but the successful ones will be practically assured of continued employment for at least three years. In this time a man will know definitely whether he intends to pursue accountancy as a profession or whether he prefers to utilize in some other business activity the valuable training which he has received.

The general references to accountancy which have already been made need elaboration if a student considering the possibility of entrance into the profession is to obtain an accurate comprehension of the conditions which he will encounter. The following supplementary discussion is presented, therefore, for the assistance of educated men who are seeking a vocation whose scope is commensurate with their own capabilities.

OPPORTUNITIES

Accountancy offers a career whose opportunities for achievement and for wealth are equal to those in law, medicine, engineering, or in any of the other professions, and it does not require the extended preliminary post-graduate courses which are necessary in some other fields. Business enterprises need for their success organization and management. Success in management depends among other things upon knowledge, proper interpretation and use of financial facts. The world's commerce and industry and all business relations are founded upon financial transactions. Those who are responsible for the management of a business must have before them from time to time a clear cross-section of the results of the business in financial units with an equally clear exposition of the relation of these units to other financial facts. When business units were small the responsible executive

could inform himself of what had happened from memory and from personal observation of the simple records which were maintained. That is not the case today. The magnitude of modern business enterprises conducted by corporate ownership, with the resulting complexities of organization, imposes limitations upon the power of the business executive to acquire information by personal contact and makes necessary some outside means by which this information may be obtained. Accounting is the medium through which financial facts are furnished and their relations interpreted to those who are interested.

The accountancy profession is not yet crowded with college men, and consequently those who have extraordinary ability, supplemented by excellent academic training, have unusual opportunities to obtain recognition. To qualified men positions on accountants' staffs give liberal compensations which compare favorably with those in any profession. Partnerships in accountancy firms usually are open to progressive staff men and the incomes of principals in such firms are equal to those of the higher executives in the business field.

There are comparatively few enterprises of magnitude which do not engage public accountants to conduct regular audits or investigations, but it is probable that not more than one business out of every three of small or medium size in this country has adopted the principle of independent audit. Consequently, the undeveloped field for accountancy is immense. As an alternative to admission to an existing firm, the promising staff assistant may desire to enter professional practice on his own account. The fact that the undeveloped field consists largely of smaller organizations is very important to young practitioners who open their own offices after they have received the C. P. A. certificate, as these men are

naturally able at first to obtain small clients more easily than large ones. Many small clients, moreover, have an evident need of skilled accounting advice on their operating problems from a capable public accountant.

The Certified Public Accountant certificate is granted by legally constituted authorities in the states. It is recognized in business and financial circles as a symbol of thorough training and individual ability on the part of its owner. In most states applicants for the C. P. A. certificate are required to have had several years of public accounting experience and to pass a searching written examination.

No period of time spent in public accounting practice will be wasted even if one wishes to devote his energy to some other type of business activity. A capable man who has had thorough experience on a public accountant's staff is also qualified to obtain a responsible position in the permanent employ of a commercial or an industrial organization. The executive who directs the destinies of a business or a corporation must have before anything else a capacity to analyze its financial phases. This is exactly what experience in accountancy makes possible. As a result, there is now a perceptible tendency to select as the heads of large enterprises men who have had such training.

QUALIFICATIONS

It must be understood that a public accountant's life is not a sinecure and that success in accountancy is not readily available to any intelligent young man who cares to accept it. Long periods of tedious work are essential to the mastery of technique, which is a prerequisite to the attainment of responsible positions. This is, of

course, true of any profession. Broadly speaking, the college graduate desiring to engage in accountancy should have the following qualifications:

1. An appreciation of the necessity for conscientious, painstaking and accurate labor, even when without direct supervision.
2. Natural aptitude for analysis and synthesis.
3. Ability to assemble and to base ideas on unrelated facts; to interpret their significance and to express conclusions in correct and accurate language.
4. A sense of perspective which will not be distorted by proximity to minor details.
5. Great respect for mathematical accuracy. Higher mathematics is seldom used in the ordinary practice of accountancy, although elementary algebra is valuable.
6. Poise, tact and breadth of view which will make contact with men of affairs agreeable, a pleasant appearance, and a bearing which will induce respect.
7. Ability to absorb confidential information without divulging it in any manner to others.

Accountancy technique is based on comparatively few general principles. Consequently, the preliminary technical education is not so extensive as that required for the engineering, legal and medical professions.

Accountancy, however, is exacting in its requirement that the practitioner be able to think clearly in applying the fundamental principles. Each engagement develops new problems and requires original solutions. Consequently, after the fundamental principles have been mastered, actual experience in practice is the best means by which progress can be made.

It has been the experience of accountancy firms that men graduated from general cultural courses in the liberal

arts and sciences develop quite as rapidly as men who have devoted most of their time to technical accounting study. A study of the sciences creates habits of analysis and exactness which are most valuable to an accountant. Men who have taken courses in literature and in English composition will find their training immensely helpful in preparing reports, which sometimes occupy as much space as an ordinary book, and in verbally presenting their ideas to business executives. Knowledge of such subjects as economics, finance, banking and commercial law will be of direct practical value as the student advances in the profession.

The elementary principles of accountancy, including bookkeeping methods, should, however, be learned in school before a man obtains a position or as soon thereafter as possible. Bookkeeping is an important tool of the accountant and must be thoroughly understood. Once it is understood, he is no longer concerned with it except as a means to an end.

GENERAL CONDITIONS AND ADVANCEMENT

The organization of an accountant's office usually includes the principal or principals of the firm and a number of assistants known as the staff accountants. There is, however, a considerable number of public accountants who practise individually without assistants, undertaking small engagements only. Most public accounting work is performed by organizations of the former type, having staffs varying from a few men to several hundreds. Many firms, including some large ones, have only one office and largely a local practice, while others, having a nation-wide practice, maintain branch offices in the principal commercial cities throughout the country.

Like all professional men, the public accountant is in a sense the servant of his clients. If unusual demands are made upon him, he endeavors to accede to them even if they involve arduous periods of overtime work. It is the common practice of accounting firms, however, to compensate for such extra labor by allowing assistants proportionate liberty at less pressing times, by additional pay or in some other manner. The duties of an accountant with any firm are likely to involve traveling at times. In such instances the expenses of staff accountants are paid by their firm or by the client. Indeed, one of the attractive features of the practice of accountancy is its itinerant nature. The accountant rarely is confined to his own office. The greater part of his work is performed in the establishments of clients, and at the conclusion of one engagement he progresses to another in entirely new surroundings, often in a different city. Each engagement, moreover, presents new problems and calls for new methods of solving them, as the affairs of one client may be of an entirely different nature from those of another. There is little chance for an accountant to become oppressed with the monotony of his duties.

Junior Staff Assistant

The average beginner in accountancy requires about three years' experience in the capacity of junior staff assistant, although some men progress more rapidly. During all of this period he works in close association with more experienced men. In the early part of his training his duties are planned in detail and his success depends upon the care with which he follows instructions. Naturally his work is of a routine and often uninteresting nature, but it constitutes a necessary experience and its significance must be appreciated before the beginner is

qualified to discharge more responsible duties. As the junior progresses, more important work is entrusted to him on a basis which gives him an opportunity to use his own initiative, although everything he does is closely supervised until he is promoted to a position of higher grade.

Senior Staff Assistant

The position which the young accountant will occupy upon his promotion from the rank of junior is that of a senior staff assistant, and the average time spent in this capacity is about two years. A senior assistant may be entrusted with small engagements under the direction of a more experienced accountant, who, however, may not necessarily exercise constant personal supervision. The senior assistant also conducts certain phases of more important engagements largely on his own initiative, although he may frequently consult a senior staff accountant. At this stage in his development the ability of an accountant to formulate constructive ideas becomes of great importance.

At the end of his service as a senior staff assistant the accountant has concluded what may be called his training period. He may now capitalize in any one of a variety of ways the knowledge which he has gained. If he remains in public accounting practice he is now prepared to accept important responsibilities and to perform valuable service. His experience should qualify him to occupy a minor executive position with an industrial or a commercial organization, if it is his desire to abandon professional public accounting. He may have become so intimately acquainted with the business organization and affairs of a client of his firm that the client will be glad to acquire entire command of his services.

Senior Staff Accountant

When the assistant has become able to undertake average engagements alone under the general direction of the supervisor or principal, he is designated as a senior staff accountant. He gradually develops his ability to analyze problems without assistance, and to carry out in detail the general instructions given him. The accountant's aptitude to write reports in clear and correct English and to develop pleasant and mutually satisfactory associations with other men largely determines his progress as a senior accountant. He begins to meet clients directly as a representative of his firm. He is required to demonstrate his executive ability in handling his staff assistants. The responsibility which he sustains in a variety of engagements makes his work stimulating and attractive.

A senior accountant with executive ability who does not wish to continue in public accountancy may often obtain an important position as auditor, comptroller, treasurer, etc., with a commercial or an industrial company. He is, however, now becoming an important part of the accounting organization.

Supervisors or Managers

In the case of public accounting firms enjoying a large volume of practice, it is customary to have several supervising accountants or managers, whose function it is to oversee the work of the staff generally, thus relieving the principals of the firm of attention to many more or less important details. Supervising accountants or managers are really assistants to the principals and direct the work of a number of senior accountants under the general supervision of the principals. The number of accountants

acting in this capacity naturally is limited, being dependent entirely upon the size of the staff and the number of engagements handled. A supervisor or manager, in a word, acts as the liaison officer between the staff assistants and the principals of the firm and is generally the first in line to receive an invitation to join the firm when the proper opportunity occurs.

Principals of the Firm

The principals are the partners in a firm and their duties vary according to the size of the organization. They are responsible for all dealings with clients, they supervise the work done by the staff accountants and prepare programmes for the various assignments excepting those duties discharged by supervisors or managers. The principals decide upon all matters of policy, they review all reports prepared by senior accountants or passed by supervisors and on important engagements prepare the reports themselves. They direct the executive functions of the organization and are finally responsible for its success.

REMUNERATION

As is the case in other professions and businesses the compensation of accountants varies in different districts. The lower scale of prices in many smaller cities naturally results in somewhat lower salaries than in the larger ones. The compensation of the assistant after the first few years depends largely upon his own ability. While the salaries paid by different firms are not uniform, a fair average of the salary scale in the large cities may be quoted as follows: junior assistants, from \$1,200 to \$2,100 per annum; senior assistants, from \$2,100 to \$3,000; senior account-

ants, from \$2,700 to \$5,000 (although specialists are paid more), and supervisors, from \$5,000 to \$10,000. The incomes of principals are dependent upon the organization and reputation they are able to create. It is probable that few principals in fairly successful firms in the larger cities earn less than \$7,500 a year and many principals have annual incomes of more than \$25,000, some exceeding \$50,000. The incomes of the leaders in accountancy compare favorably with those of the leaders in any other profession.

The salaries obtained by capable men who accept positions with commercial or industrial organizations after they have qualified as senior staff assistants vary from about \$3,000 a year upwards, while competent senior accountants of varied experience frequently obtain executive positions yielding \$10,000, and in some cases more.

HOW COLLEGE GRADUATES MAY ENTER THE PROFESSION OF ACCOUNTANCY

To assist qualified college graduates who may wish to enter the profession of accountancy, and at the same time to perform a service to the profession itself by obtaining men of ability who may in time occupy important positions, the American Institute of Accountants has organized a Bureau for Placements by means of which acceptable applicants may obtain employment on the staffs of accounting firms whose principals are members of the Institute. No fee is charged applicants for this service.

The American Institute of Accountants is the oldest association of public accountants in the United States. Its membership is nation-wide, comprising most of the leading accountants in the country. Certain members have agreed to take into their organizations each year,

as junior assistants, a number of men who have received degrees by completion of a four-year course at a recognized college or university.

The positions offered by this Bureau are based on an initial agreement for employment for three years, provided that the student is found to be suitable for the work and that his conduct is satisfactory, since experience for less than this time would not be of great value to the applicant and service for a shorter period would not justify an employer in training him. The agreement includes a minimum salary of \$125 a month for the first year, with definite periodical increases arranged in advance. At the end of the three-year training period, employers will naturally be eager to retain the services of satisfactory men on mutually agreeable terms, since at that time their assistance will have become distinctly valuable.

Methods of training differ with the various firms, but in all cases the largest part of it will be acquired by actual experience on professional engagements. It is desirable that a man should learn the elementary principles of accountancy, including the form of financial statements and bookkeeping methods, by outside study in school or otherwise before entering actual practice or as soon thereafter as possible. If his college course does not include such subjects it will be necessary for him to study them in addition to his regular work on the staff. Applicants can be placed best about December 1st, and the ideal plan for such a man who is graduated in June is to arrange for intensive study at a good accountancy school from June to December. Men who can not afford this, however, may acquire the necessary knowledge after actually obtaining positions by attending evening school or by private study.

The men placed by the Bureau are selected on the basis of information submitted on application forms furnished by the Bureau, supplemented by letters from the deans of their colleges.

Students wishing to apply for positions should write to the American Institute of Accountants, Bureau for Placements, 135 Cedar street, New York, for further information. A form of questionnaire will be mailed to each applicant. When this has been returned, the applicant, if apparently satisfactory, will be granted a preliminary interview at his college or home by a member of the Institute.

Applicants who make a favorable impression at the first interview will be given opportunities to meet representatives of the accounting firms by which junior assistants are to be employed.

The final details of the employment arrangements are not made by the Bureau but by the employing firm and the applicant.

Positions are available in most of the important commercial cities throughout the country. Naturally there are more openings in the larger cities than in the small ones, but applicants will be given an opportunity to express a preference for the city where they desire to work and an effort will be made to place them accordingly.

Experience has demonstrated that the unusual opportunities offered by this Bureau to obtain a training in accountancy will lead each year to applications considerably in excess of the number of positions available; consequently the committee in charge of the Bureau has insisted on an exceptionally high standard for the applicants accepted. Men whose applications are rejected should not be discouraged. On the other hand, those accepted may regard it as an achievement of which they may be proud.

The foregoing outline of the nature of the accountant's functions and opportunities should indicate with a fair degree of accuracy the type of educated man to which accountancy offers a pleasant and promising career. Decidedly artistic or literary men or others who have a positive antipathy to matters related to business and finance would hardly be happy in this profession and such men are not encouraged to enter it. On the other hand, the young man who definitely intends to go into business, without having selected a specific phase of commercial activity, may find in accountancy an attractive and profitable field to which he may be thoroughly adapted.

¶ *The purposes of the American Institute of Accountants are summarized briefly in the first article of its by-laws as follows:*

“SECTION I. The name of this organization shall be the American Institute of Accountants. Its objects shall be to unite the accountancy profession of the United States; to promote and maintain high professional and moral standards; to safeguard the interests of public accountants; to advance the science of accountancy; to develop and improve accountancy education; to provide for the examination of candidates for membership, and to encourage cordial intercourse among accountants practising in the United States of America.”
