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## Accountancy as a Profession

WHAT OPPORTUNITIES DOES IT OFFER FOR A PROFESSIONAL CAREER?

By J. HUGH JACKSON

Accountancy is the newest of all the great professions. Even fifty or seventy-five years ago it was scarcely known in the United States, and in Great Britain it was relatively important only in the case of bankruptcy or fiduciary work. Today accountancy is known throughout the length and breadth of the land; it is recognized as one of the greatest of business aids, and it affects business organizations, both large and small, throughout the world.

Because of its great importance and of its rapid development during these recent years accountancy has offered splendid professional opportunities to ambitious and properly qualified young people. But this has not been without its disadvantages, both to the profession and also to those who have chosen it as their life work. Many persons, whose personality and temperament, as well as whose technical training wholly unfitted them for the work, have been attracted to it by the advertisements of certain correspondence schools which have held out as an inducement almost fabulous earnings with minimum preparation. More will be said of this later.

It is the purpose of this article, therefore, to outline briefly what accountancy is, its relation to modern business, the type of personality necessary for success in it, the training which is needed, and the opportunities which it offers to ambitious young men and women for a professional career.

### HISTORICAL

It is not necessary in a discussion such as this to touch upon the history of bookkeeping and accountancy throughout the world,

but it may be interesting to do so. Among the earliest forms of social life we find the origin of the science of accountancy. We do not mean that records were kept in the form which would be understood by us today, yet there are a large number of business records which have come down to us from the period beginning about 2600 B.C. which deals with sales, letting, hiring, money lending, partnerships, and so forth. The oldest of these have been found among the ruins of Babylon. The medium employed in these relics of ancient Babylon was clay and the data were written in the cuneiform or wedge-shaped characters of that people. The bookkeeper, if we may term him such, wrote with a stylus on a small clay slab which was sufficiently moist to receive the impressions without difficulty, and yet was sufficiently firm to prevent the impression from becoming blurred or defaced. The record was then made permanent by baking or sun-drying the slab.

In ancient Egypt the fiscal receipts and payments of Pharaoh were made in kind, money being unknown. The scribe, as in Babylon, therefore became a necessity, his qualifications consisting of a knowledge of reading, writing, arithmetic, elementary bookkeeping and a certain proficiency in wording administrative formulae. His records or accounts were prepared on papyrus, and these documents, such as are extant today, show definitely how much was received, from whom and when, and the details of how it was used. We are told that this minute care related not only to large amounts but that even the smaller quantities were conscientiously entered.

Likewise, in all the leading civilizations of the world, particularly among the Persians, Phoenicians, Carthaginians, Rhodians and Israelites, we find traces of records relating to such business transactions as took place at that time. After the Egyptians, however, the next nation concerning whose methods of accounting we have any definite information is the Grecian, particularly with regard to the public finances of the Athenians. Later, in Rome, central accounting offices were organized where the work under a superintendent was carried on by bookkeepers, or *tabularii*, and their assistants, the latter often being slaves. Both the Greeks and the Romans developed to a high state of efficiency their accounting control over the public revenues and expenditures, the Romans in particular recognizing from early times the essential distinction between the person who imposes taxes and authorizes expenditures

and the person who is responsible for the actual collections and disbursements.

In Great Britain, where the earliest systems of accounting known to the Anglo-Saxon race are found, the records relate first to the exchequers in England and Scotland, the oldest account which has been preserved being the English pipe roll of the year 1130-1131. Some authors tell us that the English royal revenue was audited as far back as the reigns of the first two Norman kings, but the establishment of the English exchequer is usually assigned to the reign of Henry I (1100-1135).

However, these records of accounts are not like the system which we use and know today. Without discussing the details of its development we look upon the Franciscan monk, Luca Paciolo, as the founder of modern accounting. In his *Summa* published in 1494, which was also the first printed work dealing with algebra, we find the first treatise on bookkeeping. Paciolo was one of the celebrated mathematicians of his day, and the purpose of his work was not in the first place to give instruction in bookkeeping, but to summarize the existing knowledge of mathematics. Yet it is seldom that a first book on a subject has so dominated its literature as was the case of Paciolo's *De Computis et Scripturis* (the title given to the portion of his *Summa* dealing with bookkeeping). For many years afterwards this was practically the only work on double-entry bookkeeping, and it is surprising how much of our double-entry bookkeeping today is still in accordance with the general principles laid down in this early treatise.

Turning to the development of modern accounting, it is unquestionably true that the greatest development has taken place in Great Britain and in the United States. In Great Britain the development of accountancy was originally through the accounting of trustees and agents to the parties to whom they were responsible and it perhaps was only a natural outgrowth that corporation and general business accounting should follow the lines so developed. The first Scottish Society of Chartered Accountants was organized shortly after 1850 and received a charter or royal warrant for incorporation in October, 1854. In England the first step in the organization of the profession was taken by Liverpool accountants, who organized a local society about 1870. Several other societies were subsequently organized, the majority of which became in May, 1880, the Institute of Chartered Accountants in England and Wales.

The history of the profession of accountancy in the United States is even more recent. The American Association of Public Accountants, now the American Institute of Accountants, was incorporated in New York in 1887. The first state law granting the title certified public accountant was passed in the state of New York and signed by the governor in August, 1896. Since that time the development has been rapid until at present every subdivision of the United States, including the District of Columbia, Alaska, and Hawaii, have more or less satisfactory laws regulating and defining the profession of accountancy. Several national organizations representing various interests and activities have been organized, each one doing, or attempting to do, a constructive work for the good of the profession. It is this profession, then, which may be described as one of the oldest of the arts but the newest of the professions, which offers such unusual attractions to qualified young men of today.

#### WHAT IS ACCOUNTANCY ?

Accountancy has been defined as the "science of business." Paciolo in his early treatise stated that the object of bookkeeping was "to give the trader without delay information as to his assets and liabilities." This, with certain modifications, is the purpose of accountancy today. In other words, it is the purpose of accountancy to give to the business executive or to others interested in the business a concise, systematic, orderly statement of the assets, liabilities, proprietorship and earnings of the organization. This includes proper organization of the departments within a business, the proper classification of various kinds of property, revenues and expenses, and adequate means for bringing together the business data so that anyone interested may obtain a systematic and orderly bird's-eye view of the business or other unit.

The subdivision of accountancy which is most often quoted is that of a prominent English accountant who has classified all accounting as constructive, recording, or analytical. Constructive accounting, as the term implies, includes an analysis of the needs of a business organization, its departmentalization for accounting purposes, the preparation of the records, the classification of accounts needed, and the issuing of general instructions for the guidance of those who will later perform the actual work of keeping the records. Recording accounting, according to this

classification, refers to the more routine bookkeeping or, stated differently, to the systematic record of business transactions as they take place. Analytical accounting comprises, for the most part, auditing and the work of the auditor, including the preparation of final statements, both financial and statistical, and other information of an analytical nature.

So far as the general mechanics of the subject is concerned this is presumably as good a classification as may be found. However, it does not provide the best functional division of the subject. Under our present system of business organization, accounting is used within a business to assist the management or executives (a) in determining what has been the effect, so far as the accounts can show, of past policies and (b) thereby to assist in the determination of future policies for the business. These functions constitute what may properly be called accounting as a tool of management, which is without doubt of greater social importance today than any other. This, then, is our first division of accountancy. Obviously, when accounting serves as a tool of management it may be constructive, recording or analytical, and as used in the majority of our great commercial and industrial organizations it generally does include all these subdivisions.

The other aspect of accounting is that which relates to the public practitioner. To the public practitioner accounting may be said to represent his stock-in-trade which he sells, or the service which he renders his clients. This service may relate to constructive, recording or analytical accountancy, although, in fact, the recording aspect of accountancy has little place in the work of the modern public accountant.

Thus, the reader will observe that our subdivision of the subject cross-sections that of the prominent English accountant to whom we have referred. However, in this day of specialized management it would appear that the more important distinction is between accounting as a tool of management, and accounting as the public practitioner's basis of service. Furthermore, it is this distinction which very largely determines the content of leading accounting courses in our greater academic institutions. In the one case the student is taught how best to use this tool of management, in the other case he is taught how to produce and maintain the best possible tool for his client.

Accountancy, then, represents a most important aid in the management of modern business. Whether the accountant shall

work within an individual business organization and use accountancy as an aid in management, or whether he shall practise as a public accountant and offer his services to many businesses, both in constructing and in keeping intact this tool of management within business organizations, is largely immaterial. In either case he is producing or giving a constructive social service, and a service which is recognized as peculiarly essential to business progress.

#### TYPE OF PERSONALITY NEEDED

While there are many things necessary to make a successful accountant I presume that the majority of readers will agree that a most essential attribute of the accountant, and particularly of the accountant who is to serve the public, is personality. Personality perhaps cannot be developed by a course of study or similar training, yet it is possible that under the right environment and with proper coaching an individual may improve in this respect and become more pleasing to those with whom he comes in contact. To enumerate the factors of personality is beyond the scope of this article. There are almost innumerable elements which in combination make that indefinable thing which we call personality. For example, the accountant who would succeed must have ability to respect a confidence, to keep his own counsel, to be tolerant of opposing opinions. He must remember that an accountant can often guide but seldom drive. These things with many others of equal importance are the fundamentals of character. Then there are other matters which have a bearing on the strength and effect of personality. Habits of speech, dress and personal tidiness may not make the man, but they go far in revealing him. The accountant is not a salesman in the sense that he must be a solicitor or a canvasser, yet he must be able to sell himself and his work to his employer or to his client. Anything, therefore, which will tend to improve personality should receive the consideration of everyone who is interested in entering the profession of accountancy or in performing the work of an accountant.

The aim of all real education is to prepare the individual to cope properly and successfully with the problems of life wherever and however he may meet them. This is true whether the preparation deals with matters directly related to the vocation which he expects to follow or whether it develops him in ways affecting only indirectly, but no less certainly, his vocational life. One of

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the most important duties of education, therefore, is to develop in the student an ability to express himself clearly and concisely, to make himself liked by his fellowmen, and to have his expressions of opinion respected, though not necessarily accepted, by all who may hear them.

### **KIND OF TRAINING REQUIRED**

This brings us, then, to a general consideration of the training which a person entering accounting should have. An accountant is not, as would sometimes appear, a mere calculating or figuring machine. Unless the prospective accountant understands more than the mechanical rules of debit and credit, of journal entries and trial balances, it were better for him and for the profession he hopes to enter that he remain out of it. The accountant needs a knowledge of every phase of business, for there is probably no individual within a business organization, and no one who renders high-grade professional service to a business, who has so great an opportunity as the accountant to see and to understand all of its various operations. A prominent New York attorney and banker, when lecturing several years ago before the Harvard graduate school of business administration, stated that in his opinion accounting was the finest possible avenue by which a young man or woman might successfully enter an executive position in business. That, however, is true only if the individual has, in addition to his technical training in accounting a knowledge of such fundamental subjects as business organization, industrial finance, marketing, and all the basic subjects offered in a recognized school of business administration.

From the standpoint of the training needed, one may divide all accounting into two groups: first, that which may be termed investigational accounting, including auditing, investigations relative to financing or reorganizations, income-tax accounting, estate and bankruptcy accounting, and similar fields; second, cost and industrial accounting. In the former group the prospective accountant needs, in addition to a highly specialized training in accounting, a thorough knowledge of business law, of business organization and finance, and of the income tax. In cost and industrial accounting his technical knowledge should be supplemented by a thorough training in management and all related subjects. In few cases will a knowledge of accounting



alone suffice, and the accountant's greatest success can come only from a well-rounded business training and experience.

Finally, the successful accountant must have a thorough knowledge of business English. Perhaps the greatest deficiency of beginning accountants, and of many older ones too, is their almost complete inability to use the English language effectively. While it may be possible, in the case of a report or other material which a beginning accountant has prepared, to correct grammatical errors without too great loss of time, yet if there be no composition to begin with or if it be so inadequate that it can be used only as an outline for building up what should have been said, it is almost certain that that beginner is destined never to advance far in the profession. In fact, it is the general opinion of men who have attained success in the accounting profession that a young man who has the ability to express himself clearly and concisely to his employer or to the client of the firm possesses one of the greatest assets that an accountant can have. There are probably some accountants who feel that English is non-essential, but they are usually men who never have been or never will be known in the profession as leaders or to their clients as men who are able to impart most satisfactorily the right kind of information concerning the client's business.

At this point a further word is in order regarding the numerous schools which offer instruction in accounting. These schools as a whole include general university and collegiate schools of commerce of recognized standing and private residence and correspondence schools. It is not my purpose in this article to speak in favor of the one or against the other. Prospective students should realize, however, the very material difference in purpose for which these two types of institutions are operated. In the case of our general university and collegiate schools of commerce the primary function is to educate, regardless of the cost; in the other case a primary function is to make profits and the education of the student is of somewhat the same importance as is a satisfactory product to the success of any commercial concern. Therefore, while many of the private residence and correspondence schools of the country offer to their students instruction of the very highest quality, the student should remember that he is dealing with a commercial organization which must have as one of its primary objects the making of earnings satisfactory to its stockholders.

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Furthermore, as is only too well known, there are certain of these schools advertising themselves to the public as capable of training for accountancy, and usually for other professions as well, within a comparatively short period of time, and at the same time holding out to the prospective student almost fabulous returns for the preparation which is to be made. There is no royal road to success in accountancy, and any young man who believes that by spending his evenings for a few short months in the study of accountancy he may qualify himself for high-grade work and a large financial return is going to be greatly disappointed. Whenever a young man contemplates registering for a course in accountancy in any school or university, whether private or public, he should go to someone who is competent and obtain trustworthy and impartial information regarding them. THE JOURNAL OF ACCOUNTANCY has for years adopted a very conservative policy with reference to the schools whose advertisements it carries.

Whether or not public accountants and business men expect too much of the graduates of accounting schools, it is nevertheless true that employers are many times disappointed in them. Perhaps the greatest disappointment comes from finding that frequently they have little or no acquaintance with actual methods in use in the accounting departments of business concerns. Too often, it must be confessed, the employer finds that that man who has taken such a course of study, to say nothing of the man who has never done so, has really never learned to think accurately and correctly. As has been so aptly said, the greatest need of the world today is for trained men who can think straight. Accountancy demands nothing less.

### THE OPPORTUNITIES OFFERED

Having completed his training, or having decided to make accountancy his life career, the individual must next choose the field of accountancy which he will enter. The fields available are (a) public accounting, (b) private employment with a corporation or other type of business organization, and (c), for the man with the proper academic background, university teaching.

One of the greatest difficulties which seems to confront the young man eager to enter public accounting is that of obtaining employment. Yet it is the experience of most large university

schools of business, and of many of the better private schools as well, that their qualified graduates not only are quite readily placed, but that oftentimes the supply of such men is not equal to the demand. Because of the nature of the work, requiring in many cases almost constant traveling and uncertain working conditions, it is not usually feasible for young women to enter public accounting. In either of the other fields the qualified young woman may quite readily find employment.

Experience is not only valuable but absolutely essential to successful work in public accounting, and every beginner should strive to obtain that experience as rapidly as possible. He should also seek that recognition which comes from receiving the certified public accountant certificate from the state in which he resides, or from obtaining membership in the American Institute of Accountants.

The opportunities for service in public accounting are many. Probably in no other professional field is the individual practitioner better qualified to render constructive service to his community than is the public accountant. Likewise, during the recent war valuable services were rendered to the country by public accountants who filled important positions in the internal-revenue department, in the treasury, war and navy departments, and in other capacities. Moreover, from the standpoint of private practice, it has been computed that of the published corporation reports in leading financial manuals only about 6% are reported as certified by public accountants; the potential development in this field is, therefore, almost unlimited. Any individual who chooses to enter the profession of public accounting, and desires to serve, will find almost unbounded opportunities for constructive service either to his clients or to society.

While the financial return to the beginning junior may seem small, the money rewards of the profession are largely what the man has the ability or inclination to make them. The beginning junior may consider himself fortunate if he receives one hundred to one hundred and fifty dollars a month; the latter figure will generally mean that he has had special training for his work. However, by the time he obtains American Institute membership or the C. P. A. certificate he can probably count on an income of from two to five thousand dollars, and in some cases even more. The figures then run anywhere from these to an estimate made some time ago in *THE JOURNAL OF ACCOUNTANCY* that there were

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one hundred or more public accountants in the United States, each of whom had an annual income of more than one hundred thousand dollars. Undoubtedly a number of these incomes amount to several times that figure. Public accountancy is not without its financial reward, provided the individual has given sufficient time and labor for real preparation.

In private employment in a corporation or other type of business organization there is an unparalleled opportunity for the individual who knows more than figures. If one has natural ability and a knowledge of fundamental accounting practices and business conditions he may rise to a comptrollership or to a treasurership, or even to the presidency, of a great corporation. Many present corporation comptrollers and treasurers were trained as accountants. It is quite immaterial whether the training is received within or without the organization—the essential thing is that one's knowledge of accounting be combined with a working knowledge of fundamental business practices.

To the accountant who has had a proper academic training the appeal in university teaching arises, for the most part, through the associations resulting from academic affiliation and in the opportunity for service. Ordinarily a university instructor in accounting also has a fine opportunity to do a certain amount of choice professional work. The teacher probably will never make the money that either the public accountant or the accountant in private employment will make, but his total remuneration will consist generally not only of his university salary, but also of royalties he may receive from books or courses written for publication, and of income received from outside practice. The teacher's greatest reward, however, must usually come from the satisfaction of having performed a real service to society.

### CONCLUSION

It is quite immaterial, therefore, through which channel the person choosing accountancy for a career shall enter the profession. The essential thing is that he realize that his greatest success, either professionally or financially, depends upon a thorough and scientific training. He must have, of course, his technical training in accounting—that is taken for granted—but he should also be trained in business law, in business organization, in the income tax, and in any other subjects which relate directly to and are constantly used in the practice of his profession.

But beyond these, if he is to be most successful as the accountant of the future, he must have a knowledge of all the fundamental problems of business. He must understand the employment problem, he must be so familiar with financial methods that he can assist intelligently in the formation or reorganization of business units, and at times, undoubtedly, his greatest success will depend upon his ability to lay out constructively the marketing and selling programme for the business or client whom he is serving. He must be able to coördinate the functions of financing or production, and of selling, and to provide the means of controlling successfully these several functions.

Such an accomplishment will be realized by many young men and women of today merely because they are determined that it shall be so. It is this spirit of determination, this desire for scientific training, this resolve that the days shall not pass unfruitfully, which leads one to believe that there is no professional accomplishment, no civic or social service which is not within the reach of the present-day accountant. Furthermore, it is equally certain that with such training his success, both professional and financial, is adequately assured.

Accountancy, one of the oldest of the arts and newest of the professions, invites every young person of intelligence, of determination, and of vision to enter the profession, and offers in return a life of hard work, of service to business and society and of satisfied living. No profession can offer more.