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Accounting Courses in Universities *

BY LEVERETT S. LYON

The subject, accounting courses in universities, is one in which I am intensely interested because, being the dean of a school of commerce and finance and finding, as we all find, that accounting is one of the very important subjects in our curriculum—it is a matter about which I have had to think a good deal and have enjoyed thinking a good deal. I think perhaps that one of the first things I ought to say is that if there is any single field of work to which schools of business are more indebted than any other it is the field of accounting. There are a good many schools of business in universities where the curriculum has been from the beginning and still is almost wholly accounting. There are reasons, as I will say in a moment, why I think we want to make that less true, not to the belittling of accounting, rather to its glorification; but the fact remains that accounting has been in a great many schools of business in universities the backbone of the course.

Now when it comes to the question of organizing the kind of accounting work in universities which we think will be most useful both to the curriculum with which we are concerned and to the accounting profession, it seems to me there is one principle that is fundamental. It is simply followed and ought to be apparent, although I think sometimes curricula are organized without seeing it clearly. That principle is this: the accounting curriculum in any university school of business must be planned, and built in such a way that it fits in well with the rest of the curriculum of the school. That, as I say, is very important, and a failure to follow that rule has, I think, sometimes been responsible for not having us do as good work in accounting or make as much use of accounting as we might otherwise make.

Since most of you,—although I know some of you are professional pedagogues—since most of you are in a far more lucrative profession, let me say a word about university schools of business that will make this point a little more plain than it otherwise might be.

* An address delivered at the annual meeting of the American Institute of Accountants, St. Louis, Missouri, September 16, 1924.

There are two or three types of university schools of business, but two types are all we need discuss. They stand rather at the extremes. The first type is that sort of school where a collection of courses with business names and some business content has been put together, and that is called the collegiate school of business, or the school of business, or commerce, or finance, or administration, or whatever it may be. The courses given have no clearly thought-out relation to one another; they have no general plan into which each fits; they are simply a collection of courses; some are accounting courses, some are advertising courses, some are courses in sales management—a collection of courses that everybody would recognize as having a business flavor, certainly a business name. That is the curriculum. Courses of that sort and schools organized that way are tremendously useful and have done a lot of good in certain situations. Take the sort of work, for example, that needs to be done in a large city for people who are employed, a good many of your juniors, for example, and men preparing to be your juniors or who want to work on to be certified public accountants, courses that will fit into their specific needs are very useful. A course, for instance, in factory cost accounting may exactly fit the needs of a man working in this city with an electric company or in any other city with any other concern to help him make the next step up. A course in advertising copy may be just the course; it may not attempt to cover all phases of business, but it is just the course for a man who is already at work in some minor capacity with an advertising agency or with a newspaper and who wants to get over to advertising work.

So universities have built up curricula composed of these courses, which do not try to give one man everything but try to give a man the particular thing he needs. They are for the man who needs one thing and who may need a thing entirely different from what somebody else needs. In a school of business of the collegiate grade or any other which operates primarily in the evening that type of course has been very useful.

I might say in passing that in even the full-time universities where the student is there all day, a great many have used that same type of course. I think it is a mistake, simply because I believe we can do something better than that where we have all of the student's time. But that is one of the clear types of university business education.

Now let us look at the other kind. I think probably the most extreme type is the sort of school which has the student's full time for two, three or four years, and instead of trying to give him work in specific subjects as such,—that is teaching him to be an accountant, an advertising copy writer or a sales manager—tries to give him the basis in all fields that are important for what you might call a man trained for business administration. In such a school the assumption would be that there was not any difference in importance between work in marketing and selling and work in finance or work in accounting or work in factory management or perhaps other subjects. That is the type of school that has tried to build up a curriculum which it called a managerial curriculum. The idea is that the student will be given a management point of view, and that all important phases of management will be emphasized equally. That type of school I think is increasing in number.

Now with those two types in mind, I think this alleged principle I stated a moment ago, that we need the kind of accounting work that fits into the rest of the curriculum, becomes perfectly clear. If one is trying in a university to operate the kind of school in which we have a lot of subjects, it is perfectly clear that one needs an entirely different kind of accounting work from that which we need in the other. If we are offering here in St. Louis at Washington University, as we do in our extension division as we call it, work primarily for people employed down town, we need an accounting curriculum that will give those people what I think one can, without mistake, call the "fillers" in an education. Here is a man, for example, who has had perhaps two years of accounting in high school and has gone to college a year or two and taken some more work, but has never had a course in auditing or factory cost accounting or any other specific course of a somewhat advanced sort. He wants that. We give it to him, and our curriculum in accounting for that school has to be made of these pieces, these bricks which he could fit in anywhere to round out the whole. Now those courses and that kind of a curriculum, from the standpoint of a man engaged in organizing the courses, are not simple, but compared to the other thing, they are comparatively easy to provide. All we need to do is to find a man who is specialist enough in some one thing, and he can generally furnish that kind of work for us pretty satisfactorily.

But when we turn to the other type of curriculum, the task becomes very difficult. That is, when we get to the question of what to do in an accounting curriculum that will fit the needs of a man whom we are trying to fit for the general management point of view of a business, it is difficult. Such a man probably is not intending ultimately to be an accountant. Even if he is intending to be he wants to know as much about other aspects of the business as he knows about accounting procedure. That is a much more difficult job. We have to teach him so many other things before we can teach him accounting. Let me illustrate. Not being an accountant and therefore not being responsible for what I say to accountants, I shall say something that is heterodox. In colleges where we have taught accounting, we have taught at times a great many things under the name of accounting that were not accounting at all and I think the history of the thing explains it. We started out in these collegiate schools of business mostly with names. I mean we had a school which we labelled, "school of business." We did not have anything in it, no subject matter. We had a few professors drafted from the department of economics, who did not know much about business. We had no textbooks; we did not know how to label courses very intelligently, and in the despair of that situation there was just one person who could help us, and that was the accountant. He did not know everything, but we thought he did, and we pulled him in and asked him what we ought to do. He said, "Give accounting courses."

Accounting courses furnish a means of approach to much more than accounting, because by studying accounting you get in a center from which to branch out into other fields of business, so that through accounting, largely without realizing it, we began to see what was involved in some of these other things. That was extremely valuable experience. We could find an accountant who very often did not know that he was much more than an accountant, though he really was. We found that such accountants had a lot of material, and we began to learn something about the productive activities of a factory, sales management, finance and so on, through these other fields of business. We began to find that there were fields, such as production, finance and marketing, which could be developed. So presently we found ourselves in a situation where the accountant was trying to teach all these things by calling them accounting, and another man was

trying to teach factory production, marketing, finance, and so on, by themselves and not trying to teach any accounting. That is the situation. We have passed the point where we depend on the accountant to do everything. I think we are going to find that at this stage we shall confront another difficulty. I said we began these courses in schools of business with accounting primarily, that we taught it to the student early, we taught it to him late, but chiefly we taught it to him early because it was the only thing we had to teach him. He got it often in his first and almost always in his second year. We never have changed that, in spite of the fact that we now have enough material collected in these other fields to teach him something about it indirectly. So we find ourselves now in this situation. A student comes along in the freshman year; we let him take some general material that hasn't anything much to do with business. That year is most of all an eliminator. We get rid of the lowest third, get the measure of the next third and know they won't last long and we know that the balance will last the period. The accounting course is a sort of bookkeeping accounting course in most places, in which I think, and I say this with hesitation, we teach him a lot of things he does not know anything about, even when we are through teaching them to him. That is the only phrase in this speech that I thought about before I made it; I wanted to be sure to say that just that way. Now of course that is a bit subtle, but that does not bother a college professor. It is easy for us to teach people something they don't know anything about when we are through teaching it to them. We do a good deal of it; sometimes I think we do more of that than anything else. We teach the student a lot of the technique of bookkeeping which has to do with operations, when we have not taught him anything about the operations for which he is keeping the books. We teach him how to handle a lot of routine matters when he does not know what those matters are. He makes the entries, puts them in the books, without a real sense of their relation to the business problems that he is helping to handle. To get away from that, we have developed a kind of accounting that we call control accounting or management accounting. Before you can understand what the control is, we must talk about these operations, so the accounting teacher can now begin his accounting course by saying, "We shall now talk about production;" and he will talk about production a good deal; in fact I sometimes think that

when he is talking about production accounting he is talking about production at least two thirds of the time. Then he goes on into sales control because the student does not know anything about it. The accounting instructor finds it necessary to teach sales management half or two thirds of the time before he can talk about the accounting to take care of it, and the same thing happens when he gets into finance. Since the student does not know anything about finance, he must teach finance first, so in the section devoted to financial control, it is necessary for the accounting instructor to teach finance most of the time and after that the accounting follows as the night the day. We find ourselves in that peculiar position because we began with accounting and put it so early in the course that we have never been able to root it out and put it later.

I think we are going a step further. The thing I think we are going to do is not to lessen the significance of accounting, but to increase its significance by changing its place and putting most of it very much later than we do at present. If we do that, we can have some of our early year or years—I am talking now about collegiate schools with two or three years to work at this thing—for managerial subjects in which we shall consider the problems of factory management and market management and financial management early in the course. We are not going to teach the student any accounting as such in those years. We shall teach him fairly early what business problems are, let him see that there is an accounting problem, but not worry him yet about the technique of doing accounting. After we have talked with him for the first year or possibly two about these other things, we shall bring in our accounting and teach him management accounting on the basis of what the problems are. That will put a real burden on the accounting instructor and the writer of accounting textbooks, because it will make him teach and write accounting and nothing else. He cannot, from that point on, be teaching business administration in various phases and call it accounting. That will mean, I think, that in our four-year collegiate school of business a student will strike his accounting course before the junior year and when he strikes it, he will really have, for a college student, a fairly good idea of what the problems of production and marketing and finance are.

If the student has learned something about the management of a business and the problems of management in the various fields,

it will make the accountant restrict his problem of teaching. It will confine him to something that I think you will call a more technical accounting, yet at the same time a more managerial accounting. I think we shall find inside the next ten years the accounting curriculum of most universities turned upside down. What I mean is this, that instead of beginning as we necessarily begin in most places, with a bookkeeping type of course, we shall begin with a study of the field of business management; then have something that I might call control or management accounting. That is enough probably for the man who does not want to be an accountant. Of course the man who wants to be a certified public accountant will need much more. But then, strange as it would seem, we shall offer him a lot of technical courses emphasizing specialized fields, and I am inclined to think that his most routine course will come pretty late, perhaps the last thing instead of the first. If I were to say that to an association of accounting instructors, I am sure that eighty per cent of them would think it was too heterodox to hear peacefully. But the point is that we are going to invert what has been our method of presenting accounting, and we probably shall turn out of these schools of business two types of men. First is the man who knows fairly well what are the management problems of business, who knows enough accounting to know what kind of work he ought to expect from his accountants but not enough accounting to do most of it, I mean not enough of the actual procedure and practice. On the other hand, we shall probably turn out people who are qualified to enter for the C. P. A. examinations. They ought to have, if we do our job decently, an exceptionally good equipment for public accounting work, because it will be based on two or three or possibly four years of a general study of what the problems of business are before they approach the question of accounting in detail at all. While our work in the past has been considerably concerned with helping people toward the profession of accountancy, we hope that it will become even more extensive in that direction. Our tendency will be, I think, to send students in that direction, not through our regular two- three- or four-year courses, but only after graduate work following our ordinary business-administration course.

Accountancy is a profession that men in colleges look to with the same interest and enthusiasm with which they have in the past looked to the professions of medicine and law. It is our

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belief, since in our business we look to the future, that by the kind of thing I have been describing we shall help to put into the profession men who will improve it and elevate it and give it an even greater significance than it has had in the past. So our problem in collegiate schools of business is to find a way that will accomplish two things: fit in with our needs for the type of course we try to give, and at the same time, and this is really our most difficult problem, at the same time lay the basis for giving a man the strictly professional training he needs to enter the field of public accounting.