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# The Accounting Education Dilemma

by Carole Cheatham

In discussing accounting education back in 1785 Thomas Dillworth was moved to write:

*I think it will very evidently appear to any considerate Person that all this (i.e., the study of accounting) can't be done in six weeks, much less in twenty-four hours. Such hasty Performances in Bookkeeping or in any other Branch of Literature being more likely to produce a crazy and tottering Building, subject to fall at every Blast, if not wholly undermine it, rather than make it firm and lasting.<sup>1</sup>*

Today everyone acknowledges that the rapidly expanding field of accounting cannot be taught in anything like six weeks. Many would also conclude that even though four or five years is taken to educate the accountant, what is produced is indeed a "crazy and tottering Building" rather than something "firm and lasting."

The purpose of this article is to discuss the current criticism of accounting education and to examine some of the proposed solutions to the problem.

## What's Wrong with Accounting Education

The problems of accounting education seem to be apparent to everyone in the accounting profession. C.W. Bastable, in an article entitled "Why Can't Johnny Account?," stated:

*As time passes, I become increasingly concerned about the widening schism between accounting professors and accounting practitioners, especially because some of the reasons for it appear to affect the character of professional education for accountancy. It is paradoxical that academia itself may generate circumstances and conditions that*

*may not be conducive to optimal professional education.<sup>2</sup>*

In an article with an almost identical title, "Why Johnnie (Jane) Can't Account," the authors lamented:

*When the typical accounting graduate steps into his (sic) first public accounting job, he (sic) discovers that, notwithstanding his (sic) four or five years of college accounting studies, he (sic) is ill-prepared to function effectively on the job.<sup>3</sup>*

(At least Jane got recognized in the title.)

Although there seems to be general agreement that accounting students are not prepared to enter the profession, there is little agreement on what an accountant should know in order to be prepared. There is little agreement as to the common body of knowledge a graduate should have when he or she launches on his or her career. Dr. Bastable feels that, although a profession should have a specialized store of knowledge, it would be unlikely that professors or even practitioners would agree on a topical listing or on the limits.<sup>4</sup> In an article entitled, "What Should the Management Accountant Know?," Homer R. Figler lists thirteen topics in which the management accountant should be proficient including leadership and motivation, communication, counseling, secretary and dictating equipment, and personal life planning. Figler does concede, however, that education is a life-long process and does not require that the newly-graduated accountant be familiar with all thirteen of his topics.<sup>5</sup>

Some writers seem to feel that the CPA examination is part of the problem. The "Why Johnnie (Jane) Can't Account" authors said:

*The AICPA has not done enough to*

*close the education gap. In fact, it may have helped to broaden it by means of the CPA examination. As we all know, the CPA examination often deals with the theoretical and covers subjects that are seldom encountered in practice.<sup>6</sup>*

On the other hand, the members of the Commission on Auditors' Responsibilities (Cohen Commission) seemed to feel the CPA examination covered the correct subject matter and was a "reasonable measure of the qualifications for initial admission to practice."<sup>7</sup>

Besides lack of agreement as to subject matter, there also seems to be basic disagreement concerning the objectives of accounting education. Some individuals feel that an accounting education should prepare an accountant to enter public accounting. Others feel that such an approach neglects the needs of those whose occupational goals are to work in industry, nonprofit enterprises, or education. Others point out that accounting education also has obligations to those outside accounting who need some accounting knowledge but who do not intend to be accountants.

There is also lack of agreement as to a basic philosophy of education. Some feel that accounting education should stress attitudinal training such as attitudes of responsibility and independence. At the other end of the spectrum there are those who think accounting education should stress practical training and procedures.

## How Do You Educate An Accountant?

With the lack of agreement as to a common body of knowledge, objectives or philosophy, it is not surprising that there is also lack of agreement as to methods of correcting the problems of accounting education. The difficulties are somewhat reminiscent of the problems of trying to implement accounting techniques without a cohesive accounting theory structure. Nevertheless, several remedies have been suggested for the accounting education dilemma, and these need to be examined. Some of the methods that have been proposed include teaching students to be generalists rather than specialists, extending the period of education, training paraprofessionals as well as professionals, providing educators with more practical experience, providing students with

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## The variety of proposed remedies for accounting education reflects the profession's lack of a common body of knowledge, objectives or philosophy.

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more practical experience, and establishing professional schools of accountancy.

### Generalists vs. Specialists

The idea of creating generalists rather than specialists has been around a long time. However, with the rate of growth in accounting knowledge today, the idea takes on special appeal. The Financial Accounting Standards Board and accounting regulatory groups issue pronouncements at an alarming rate. No longer can an accountant be conversant with *Bulletin 43* and feel that he or she has most of the answers. Major tax revisions take place with great frequency. Intermediate accounting textbooks run over 1,000 pages in length. With all this specialized knowledge, teaching generalists certainly sounds like an easier task than teaching the specifics.

John Stuart Mill made the observation that:

*What professional men should carry away from the university is not a professional knowledge but that which should direct the use of their professional knowledge and bring the light of general culture to illuminate the technicalities of a special pursuit — education makes a man a more intelligent shoemaker, if that be his occupation, not by teaching him how to make shoes but it does it by the mental exercise it gives and the habits it impresses.<sup>8</sup>*

Although Mill made the above statement in 1867, it summarizes fairly well the generalist argument. Most of the arguments proposed by practicing accountants, however, seem to run counter to Mill's thinking, perhaps because it costs more to give an accountant on-the-job training than a

shoemaker.

Lack of training in procedures is a sore spot with most practitioners. In a survey conducted by Chazen, Solomon and Stein, it was found that "approximately two-thirds of the respondents reported that they had received no preparation for performing tests of transactions, probably the most often assigned procedure to a staff accountant."<sup>9</sup>

Bastable makes the comment that, "there are places where a student can graduate as an accounting major and yet never have had exposure to such things as special journals and/or bank reconciliations."<sup>10</sup>

Although generalists appear to be in the minority, John Burton seems to take a rather broad approach, stressing attitude training. In a symposium on schools of accountancy at the University of Texas, Burton said, "Finally, one important aspect that is needed is what I call attitude training...the fundamental objective of the public accountant is one of independence. This approach needs to be instilled at an early stage."<sup>11</sup>

Later in response to a question, Burton said:

*It seems to me that professional schools of accounting should have broad educational objectives which go beyond the teaching of highly specific procedures. There are probably more efficient ways of providing procedural training than through the extensive use of expensive faculty resources."<sup>12</sup>*

The counter argument by practitioners, of course, would be that it is better to use the expensive resources of the university than the expensive resources of their firm.

### Extend the Program

Because some feel there is need for more general education and some feel there is need for more specialized education, students tend to receive more of both types of training. Therefore, the argument for extending the student's program to a period longer than four years is somewhat related to the above discussion on generalists vs. specialists. Generally speaking, the recommendation has been to extend the period of education to five years. However, the Commission on Auditors' Responsibilities found that for auditors a seven-year program may be necessary.<sup>13</sup>

Not all would agree with the recommendation to extend the program. A typical comment is, "More

education is not necessarily *better* education, and until the problems of faculty, texts, and curriculum have been resolved, the five-year program should not be pursued."<sup>14</sup>

From a practical standpoint, one question is whether students will remain in school for a five year period. Most are anxious to be out of the academic environment even before their four years are completed. Probably more crucial is whether recruiters will attempt to hire promising students before they complete a five-year program. Unless recruiters ignore this temptation, the only students who will complete a five-year program will be those who are not hired at the end of four years.

### Train Paraprofessionals

The debate over the desirability of hiring paraprofessionals in accounting raged on through several issues of *The Journal of Accountancy* last year. Apparently there is some question as to who is a paraprofessional. Roland Jacobs defined a paraprofessional as "a person who has received training to enable him to assist a qualified CPA during an audit engagement,"<sup>15</sup> while James W. Pofahl said "every person on a professional staff who has either not passed the CPA exam, or who has passed it but not met the experience requirements" is a paraprofessional.<sup>11</sup>

Regardless of definition, the appeal of paraprofessionals is that their use cuts down on the cost of an audit which should cut the cost to the client. In addition they can be utilized for the more monotonous tasks, thus freeing the accountants, for the less routine tasks which require judgment and decision-making skills. Arguments against the use of paraprofessionals run along the lines that almost all accounting and audit work requires a degree of judgment, and paraprofessionals are inadequately trained to make these judgments.

This latter point brings accounting education into the debate. If a professional needs five to seven years of training, then should there be some lesser degree of training that would still give the individual some sort of recognition? In other words, should there be some some of intermediate degree that could represent either a terminal degree or a level of achievement from which the student will go on to further education? Some have suggested accounting needs a program similar to those for paralegal or paramedical aides. Others have

suggested a two-year program similar to that offered by many junior colleges. The desirability of instituting such programs depends on the acceptance of such paraprofessionals into accounting firms. Obviously, if paraprofessionals are not going to be accepted, there is no point in designing educational programs for them.

When one discusses two-tiered education, one cannot help but wonder if the ultimate effect of the American Institute's decision to create an SEC practice section and a private companies practice section will be to lead to a two level system of education or at least to different track educational programs. As Clara Lelievre pointed out in April in *The Woman CPA*, "the profession is in substance two professions, one serving publicly listed companies and the other serving private or closely held companies...The acceptance of this duality may lead to different educational and ethical standards."<sup>17</sup>

### **Educate the Educators**

Some critics of accounting education feel that the problems do not originate with the programs or curriculum but rather with the professors. Many feel that professors should have more contact with the "real world."

One method of increasing this contact is to require that professors have some practical experience sandwiched somewhere in the educational process. The economics of the situation are such that accounting professors are not really motivated to take an extra year or two to prepare themselves for their profession. A 1978 accounting graduate who receives a bachelor's degree can go to work for an accounting firm for \$15,000. If the graduate takes four years to complete a doctorate, he or she can start to work as an accounting professor for \$20,000. Six years after starting work the bachelor's degree recipient will be earning \$28,000 while the doctorate recipient will be earning \$23,000.<sup>18</sup> These figures suggest that it is unlikely that a rational individual will take two more years to gain practical experience to prepare for his or her teaching career.

The argument can be made that the doctorate is not really necessary for an accounting educator, that practical experience would be better and the professor would still be prepared to start his or her career in three or four years after receiving a bachelor's degree. Given the current accreditation

requirements of the American Assembly of Collegiate Schools of Business this scarcely seems practical. However, if MBA-CPA were again considered terminal, the economics of the situation still weigh against the educator who wants to obtain practical experience. While he or she could go to work for an accounting firm with a bachelor's degree for \$15,000, a faculty position in accounting for a person with a master's degree pays an average of only \$14,000.<sup>19</sup> It seems unlikely any individual would get practical experience with a CPA firm and then take a cut in pay to start teaching. Unless supplements to teaching salaries are made available from outside sources, it seems improbable that educators will find it worthwhile to prolong their career preparation.

Perhaps a more practical approach is to involve professors in more professional organizations in order to increase their contact with practicing members of the profession. The Cohen Commission suggests an associate membership in the AICPA and state societies for accounting educators who do not have a certificate.<sup>20</sup> It is difficult to determine the effect of such a recommendation. Sixty percent of accounting educators are CPAs.<sup>21</sup> Presumably many others who are not CPAs are active in the National Association of Accountants, American Society of Women Accountants, and other organizations which do not require the CPA certificate. However, the increased involvement of this non-CPA group could only be beneficial.

### **Provide Experience for Students**

If professors are unwilling or unable to gain "real life" experience, perhaps students should be encouraged to gain experience sometime during their education. In times past many students did indeed gain experience along with their education for the very practical reason that they were supporting themselves as they went to school. In these more affluent times and with more loan programs available, this is no longer necessary in many cases. It is interesting to note that students who do still work along with going to school are frequently the ones who do not receive the more attractive offers from firms. Whether it is because many of these working students are slightly older than the average college age or they have not had as much time to participate in extracurricular activities or whatever, these students do not seem to have the

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**The accounting educator with practical experience and the student with an internship program are economically disadvantaged in the market.**

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"image" that recruiters are seeking.

Students who do not have to work from economic necessity are being encouraged to participate in internships with accounting firms. A rather small percentage of students actually avail themselves of the opportunities presented. It is undetermined whether this is because they are unaware of the opportunities or because they are unwilling to interrupt their education. No doubt some students feel like the individual that remarked, "If a student takes a year off from studying for an internship, you have an experienced graduate in five years; if a student graduates and works a year, you have an experienced graduate in five years." If students are not using the internship programs available simply because they are not aware of them, then professors and recruiters need to be more conscientious in promoting and encouraging students to participate.

### **Schools of Accountancy**

The latest answer to the problems of accounting education is the establishment of schools of accountancy. There has been a wealth of material written on this topic; almost every issue of every journal contains at least one article on the subject. There is no intent here to write exhaustively on schools of accountancy. Actually, many of the proposals to improve accounting education which were presented above are a part of the overall plan for most schools of accountancy.

Some of the most frequently voiced advantages for schools of accountancy are control of faculty hiring, promotion and tenure; control over curriculum; prestige; and the possibility of greater financial support. The American

Assembly of Collegiate Schools of Business has agreed to accredit accounting programs (not necessarily schools of accountancy), and a planning committee composed of members of the profession will work with the accrediting association to set up standards and the machinery for implementation. The planning committee will consist of two representatives each from the AICPA and the American Accounting Association, one representative each from the National Association of Accountants and the Financial Executives Institute and two or three business school deans.

Although the advantages of schools of accountancy are numerous, one can also list disadvantages — or what might be better termed “misgivings” about such schools. In the first place, some schools may make changes that are largely cosmetic just to gain the prestige of calling themselves a school of accountancy. Such a change could mean little more than changing the title from *department* to *school*. This may be particularly true in colleges in which the dean is basically opposed to a school of accountancy and does not wish to forfeit any control over the accounting program.

Secondly, there may be some loss of independence in the sense that large contributors may dictate curriculum and other policies. It seems unlikely a supporter would actually demand curriculum or other changes, but rather that the faculty would be tempted to make changes to please a contributor or to attract a certain supporter.

In a recent *CPA Journal* article, A. Tom Nelson recommends that, “CPAs should confine their support to professional programs (schools) that believe the ‘CPA’ is the sole designation by which a professional accountant can be identified.”<sup>22</sup> Nelson goes on to propose a broadened scope for the CPA. Nevertheless, the idea is there that support should be for only those schools that espouse a certain philosophy. If firms distribute their support on this basis, it could mean a significant loss of independence for recipients.

Thirdly, as the school of accountancy idea catches on, schools may become so numerous that the designation will be without true meaning, particularly if many of the changes are basically superficial anyway. The Master of Business Administration degree was a

very prestigious degree until virtually every small school in the country instituted an MBA program. Now the degree carries far less distinction, and MBA degree holders have far less advantage in the job market than they once did. The fate of holders of degrees from professional schools of accountancy could be similar if restrictions are not made.

In spite of misgivings about schools of accountancy, these dangers can be overcome by careful planning, and it will be the function of the planning committee of the American Assembly of Collegiate Schools of Business to institute procedures that will mitigate such adverse contingencies.

### Conclusions

Although educators and practitioners agree that accounting education has problems, there is little agreement concerning subject matter, objectives or even a basic philosophy of accounting education. Within their respective professions, educators disagree with other educators, and practitioners disagree with other practitioners. This disagreement presents a basic dilemma in seeking a solution to the problem. How shall accounting education be improved when there is little agreement

on its goals?

In spite of this dilemma, various methods for improvement have been recommended. The latest and seemingly most popular method is the school of professional accountancy. The school of accountancy actually encompasses many of the other ideas suggested for improvement of accounting programs. In spite of misgivings concerning superficial changes, loss of independence and loss of prestige due to schools becoming too numerous, the school of accountancy idea appears to have potential for assisting in the solution of the problems of accounting education. ■

### NOTES

<sup>1</sup>Thomas Dillworth, *The Young Book-keeper's Assistant*, 1785.

<sup>2</sup>C.W. Bastable, “Why Can't Johnny Account?”, *Journal of Accountancy*, Vol. 143, No. 1 (January 1977), p. 63.

<sup>3</sup>Charles Chazen, Kenneth I. Solomon and Mitchell J. Stein, “Why Johnny (Jane) Can't Account,” *Practical Accountant*, Vol. 10, No. 4 (Sept./Oct. 1977), p. 76.

<sup>4</sup>Bastable, pp. 64-65.

<sup>5</sup>Homer R. Figler, “What Should the Management Accountant Know?”, *Management Accounting*, Vol. LIX, No. 12 (June 1978), p. 27-29.

<sup>6</sup>Chazen, Solomon and Stein, p. 78.

<sup>7</sup>*Report, Conclusions, and Recommendations*, The Commission on Auditors' Responsibilities, 1978, p. 91.

<sup>8</sup>John Stuart Mill, Inaugural Address as Rector delivered to the University of St. Andrews, February, 1867. People's Edition: Longmans, Green, Reader & Dyer, 1867, pp. 4-5.

<sup>9</sup>Chazen, Solomon and Stein, p. 76.

<sup>10</sup>Bastable, p. 64.

<sup>11</sup>Allen H. Bizzell and Kermit D. Larson, editors, *Schools of Accountancy: A Look at the Issues*, American Institute of Certified Public Accountants, 1975, p. 6.

<sup>12</sup>*Ibid.*, pp. 14-15.

<sup>13</sup>The Commission on Auditors' Responsibilities, p. 90.

<sup>14</sup>Chazen, Solomon and Stein, p. 79.

<sup>15</sup>Steve Schmitz and Ronald Jacobs, “The Paraprofessional Debate,” *The Journal of Accountancy*, Vol. 143, No. 5 (May 1977), p. 40.

<sup>16</sup>James W. Pofahl, “More on Paraprofessionals,” *The Journal of Accountancy*, Vol. 144, No. 4 (Oct. 1977), p. 44.

<sup>17</sup>Clara C. Lelievre, “In Different Branches,” *The Woman CPA*, Vol. 40, No. 2 (April 1978), p. 7.

<sup>18</sup>Mohamed E. Moustafa, “The Nature of the Demand for Accounting Doctorates in California,” *The California CPA Quarterly*, Vol. XLVI, No. 1 (June 1978), p. 15.

<sup>19</sup>*Ibid.*

<sup>20</sup>The Commission on Auditors' Responsibilities, p. 91.

<sup>21</sup>James H. Sellers and J. Larry Hagler, *The Academic Accountant: A Profile*, School of Business Administration, The University of Mississippi, 1978, p. 60.

<sup>22</sup>A. Tom Nelson, “Accounting in a Decade — Trade or Professional?”, *CPA Journal*, Vol. XLVII, No. 7 (June 1978), p. 14.



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