11-1908

Editorial

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The annual meeting of the American Association at Atlantic City will be notable in the annals of the profession for several reasons. It differed from previous meetings of the association in the international character of its attendance. There were present some forty delegates of foreign societies, some of them leading officers of the greatest bodies of accountants in the world. Representatives of Canadian societies have attended other meetings, but this was the first meeting where there were many visitors whose journey had taken them over salt water. The members of the association greatly appreciated the interest shown by their guests, and the hope was generally expressed that the accountants of all countries would get together frequently for the cultivation of good will and for the discussions of matters of importance and interest to all. There are many reasons why the members of this young profession, the status of which is not yet clearly defined in any country, should hold frequent meetings.
meetings and discussions in order that advancement may be uniform so far as possible in all countries. It is for this reason that the American Association is to be congratulated upon having secured such a large and distinguished representation at Atlantic City, and on having shown the foreigners by the interesting and dignified nature of the program that the accounting profession in the United States takes a keen and scientific interest in the business problems which engage its attention.

The meeting will also be remembered as the occasion for the organization of the National Society of Boards of Examiners. This organization was perfected outside the meetings of the association and has no official connection with it, yet all its members are members of the association, and by their organization are carrying out a policy and aiming at a purpose in which the association is deeply interested.

The Atlantic City meeting, like that at St. Paul last year, furnished abundant evidence that the accountants of the United States are united in their resolve to ignore differences of opinion and to pull harmoniously together for the good of the profession.

The New York C. P. A. Examinations.

Mr. James G. Cannon's address to the American Association at Atlantic City on "The Relation of the Banker to the Public Accountant" contains some critical observations which deserve serious and impartial consideration. Mr. Cannon has proved himself in many ways a friend of the profession. Among bank presidents he is conspicuous as a man who has said most and done most to make the independent public accountant a necessary and important ally of the banker. That to such a man the accounting profession appears not to be grasping its full opportunity, not growing as it might grow, and not equipping itself to meet satisfactorily the demands of the public, is a fact which accountants can not ignore. If the criticisms of this intelligent and friendly banker can not be shown to rest upon misconception, changes in the existing requirements for admission to the profession are imperative.

Mr. Cannon finds that out of six hundred and seventeen candidates who tried the C. P. A. examinations in the State of
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New York during the last ten years, four hundred and nine were rejected, and is inclined to infer that a few men are retaining almost a monopoly. He believes that the examination papers, especially in practical accounting, are full of "catch questions," which would floor one-half the men now holding certificates under the waiver clause. He also thinks the New York requirement that an applicant must spend one year in the office of a certified public accountant before receiving his degree, is an unnecessary hardship, deterring many a good man from entering the profession, or, at least, from taking the degree.

Mr. Cannon is not justified, we feel sure, in his inference as to the existence of a monopolistic spirit or tendency among New York accountants. It must be admitted, however, that there are many near-sighted certified public accountants in the State of New York who do not welcome recruits to their ranks, who regard schools of accounting with disfavor, who seem to think that every young certified public accountant is a menace to their own business and incomes. These are small men, however, and are in the minority, both in practice and in influence. Narrow-minded men of the same sort are to be found in every profession, and the profession of accountancy can not fairly be judged by them. As for the accounting profession, as a whole, in New York the dominant desire is not to keep young men out of the profession, but to draw into it the best available material the country affords. Leading accounting firms in New York City are eager for an increase in the ranks of well-trained junior accountants, for the supply of such men has for some time been unequal to the demand. They would not like to have the C. P. A. examinations made too easy, but, if these examinations are unnecessarily narrow and technical, the great body of practicing public accountants in New York City will be glad to know it and will insist upon a change.

As for the character of the examination papers in practical accounting, we are inclined to agree with Mr. Cannon that they have not furnished a proper test of the candidate's fitness for the profession. We are of this opinion for two reasons; first, because the paper in practical accounting has not only tripped up many a brilliant and conscientious young student, but has even floored middle-aged practicing accountants of recognized standing in the profession; second, because we have been
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confidentially informed by leading accountants, men who hold the degree under the waiver, that they could not now pass and never could have passed examinations of the sort set by our boards of examiners. We are inclined to agree with Mr. Cannon in his implied opinion that our boards of examiners, by exaggerating the importance of rare and relatively useless technicalities and by unduly weighting ability in the refinements of technique, have barred from the profession men who in all essential requisites were fully prepared to undertake its work.

We do not believe, however, that the examiners have in any degree been animated by a desire to keep worthy men out of the profession. We are confident, on the contrary, that their aim has been to set examination papers which shall sift out the worthy from the unworthy, and that if they have erred on the side of exclusion their error has been due, not to any selfish motive, but to a most laudable desire to give dignity and value to the degree of C. P. A.

We do not feel, therefore, like criticising the boards of examiners. In our opinion they have done their best. They have had a hard and thankless task, and friends of the profession should be glad that they have erred, if they have erred at all, on the side of exclusion rather than of inclusion. If there is to be no change for the better, we would much rather have the examinations during the next ten years carried out on the same lines as during the last ten years, and with the same discouraging results so far as candidates are concerned, than have the examinations simplified merely in order that a larger proportion of candidates may be successful.

This whole subject is too important to be settled offhand. Three important questions are raised:

(1) What should a candidate for the degree of certified public accountant be expected to know?

(2) What technical, administrative, executive ability should he be expected to possess?

(3) How much and what kind of practical experience in business must he have had?

At the present time, in the State of New York, a candidate for the C. P. A. degree is expected to have a reasonably thorough knowledge of auditing, theory of accounts, and commercial law, and to be able to solve the most difficult problems which can poss-
possibly arise in the practice of accounting. We believe that most successful and well informed accountants will admit that these requirements, as they have been interpreted up to date, are too narrow in scope. To be sure, the examinations may be made to include many subjects which are not commonly regarded as part of accounting or included in the text books of the subject, such, for example, as corporation finance, the principles of investment valuation, business organization and management, organization and conduct of corporations, insurance and insurance law. The Pennsylvania C. P. A. syllabus definitely announces that the candidate will be examined in some of these subjects, but in New York nothing is said about them, and the applicant is justified in the inference that no special knowledge will be expected of him in these fields. A scrutiny of the examination papers set during the last ten years by the New York examiners shows that they expected of the candidate no more than a general knowledge of these subjects, and that their main purpose was to test him in his knowledge of the technique of accounting.

In our opinion the scope of these examinations should be broadened and made to include definitely certain subjects which all accountants of general and successful practice have found to be essential parts of their intellectual equipment. If this is not done, accountants can never make good their title to the rank of profession. They will always be open to the charge of being merely expert bookkeepers. At the present time any man with a high school education may become a certified public accountant if he gets some knowledge of commercial law, masters the theory of accounts—an easy subject in itself, though the paper under that title may be made fairly difficult by the inclusion of "practical" questions—studies one or two books on auditing, and acquires by practice great facility in the solution of problems, some of which are nothing more or less than advanced bookkeeping. Narrow training of this sort certainly does not entitle a man to professional standing, and we do not wonder that boards of examiners have, perhaps unconsciously, used all their ingenuity to produce papers bristling with technical difficulties. We believe that the standard for admission to the profession must be raised until it covers as broad a field as that required for the law or for medicine. Law and medical students, in their preparation for practice, get an education and a mental training
far superior to that which is required of a young man who is fitting himself for the C. P. A. examinations. This ought not to be the case, for the public accountant himself should be, and the best of them are, liberally educated men.

In the revision of the C. P. A. standards which we hope will be undertaken by the National Association of Examiners organized last month in Atlantic City, the broadening of the knowledge requirements must receive first consideration. We hope to see, among others, the following subjects in the list of requirements: political economy, banking, foreign exchange, management and financing of a corporation, principles of investments, insurance, business and industrial organization. A young man who has had a thorough training in these subjects, along with his work in the theory and technique of accounts and in commercial law, will have an education as scientific and liberalizing as that required of the young lawyer or young physician, and will be much better fitted to do intelligent work as an accountant than if he has merely been drilled in the recondite puzzles of higher bookkeeping. Then the examination in what is called practical accounting, if such a subdivision is preserved, can really be made practical and rational instead of unpractical and unreal as at present.

With regard to a candidate’s administrative and executive ability, we think this a matter which can not properly be submitted to the test of an examination. A man of sound judgment, who would instinctively avoid false steps in the disentanglement of a business complication, might be utterly at sea when confronted by a hypothetical problem and a piece of white paper on which he was required to state succinctly and clearly what policy would be the best adapted for its solution. There is only one way to tell whether a man can ride a bucking broncho, and only one way to find out whether a man possesses the tact, integrity, and firmness necessary to the successful management of a business. Character, disposition, temperament, nerve—these are things that can not be tested by either written or oral examinations. We hope, therefore, that in the future examiners will be content to test the applicant’s intellectual attainments, and make no effort to sound the mysterious depths of those God-given qualities which are embraced under the terms character and common sense. The fact may as well be recognized that a
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man may possess all the intellectual qualifications necessary to attain the degree of C. P. A. and yet be an absolute failure as a practitioner. This is certainly the case with the law and with medicine, and we fail to see how it can be otherwise with accounting.

The third point—the amount of practical experience which a candidate must have had—is an important one, but it may be considered entirely apart from the question of examinations. We will not discuss it at present, except to note that Mr. Cannon is not accurate in his statement that candidates must have had experience for at least one year in the office of a certified public accountant. The Regents require that he shall have had three years' satisfactory experience in the practice of accounts, one of which shall have been in the office of an expert public accountant, and it has been the custom to regard two years spent in a recognized school of accounting as equivalent to two years of practice, so that graduates of these schools are required to spend only one year in the office of an expert public accountant. We doubt very much if this rule should be changed.

There is reason for believing that we shall see much improvement in the next few years in the character of the examination papers set for the C. P. A. degree. Accountants everywhere are very much interested in the subject, and members of the state boards of examiners, as evidenced by their organization in Atlantic City, are showing a disposition to get together and carefully consider the problem that is before them. It is quite possible that a uniform standard may be agreed upon by the examiners in all the states, and that a standard set of examination papers may be prepared for the use of the different boards. These examiners will not be long in discovering that examining, like teaching, is an art by itself, and that it can be learned only by conscientious and intelligent practice. Teachers are usually the best examiners, for their business gives them the necessary practice, yet many good teachers are notoriously poor in the preparation of examination papers and are incapable by temperament of justly rating answers. College students quickly discover faculty peculiarities. Of Professor So-and-So word is passed around that if you want a good mark you must be careful to agree with him on all disputed questions. Of another professor it will be rumored that he will not be satisfied unless long
answers are written and great attention given to detail. Another will be known to want short answers and care very little about agreement with his own opinions. The ideal examiner, of course, must have no hobby of his own, and must be prepared to recognize the results of intelligent effort, even though the conclusions may differ somewhat from his own. Ideal examiners and ideal writers of papers, needless to say, are rare men, and this is one of the reasons why the boards of examiners of the country should decide to adopt a standard paper, and then search among their members for the men best qualified by knowledge, temperament, and practice, to prepare the papers and rate the answers.

One of the leading higher commercial schools of Japan has asked The Journal of Accountancy to recommend a capable young accountant—preferably a C. P. A., and a university graduate—as instructor in accountancy. The salary is good, and the position will probably prove desirable in other respects. Applications should be addressed to the editor.

The action of the New York State Society of Certified Public Accountants in recommending to the State Board of Regents that equivalent C. P. A. certificates of other States be accepted in New York will have a strong tendency, we trust, to bring about uniformity in C. P. A. standards. The Society has done well to emphasize the requirement of "the same degree of education and experience" as is called for in New York State.