

## SPECIAL SECTION—JOINT POSITION STATEMENT

# A Joint IMA/FEI Position Statement on the Results of the Survey: “What Corporate America Wants in Entry-Level Accountants”

*Issued at the Annual Meeting of the American Accounting Association  
New York, August 12, 1994.*

In recent years about two-thirds of accounting graduates began their careers in the corporate world. The Institute of Management Accountants (IMA) and the Financial Executives Institute (FEI) represent companies that hire these graduates and as such are concerned with the type and level of education they receive. Consequently, last September our two institutes commissioned the study, What Corporate America Wants in Entry-Level Accountants. The results show that Corporate America believes universities are doing a less than adequate job of preparing people for entry-level work in management accounting.

### THE PROBLEMS

Respondents evaluated the teaching of key accounting knowledge and skills areas on a scale of 0 to 100. On this scale, scores in the 90s generally indicate excellent; in the 80s, very good; in the 70s, good; the highest score, 68, was for teaching computer literacy. The lowest score, 47, was for teaching team building.

University accounting programs fail to emphasize the appropriate knowledge and skills areas for management accountants. Respondents rated the importance of 15 accounting knowledge and skills areas using a scale of 0 to 100. The highest scores, 75 and 69, were given to budgeting and product costing, respectively—knowledge areas associated with management ac-

counting. The lowest scores, 32 and 28, were given to individual income tax and governmental/not-for-profit accounting, respectively—knowledge areas associated more with public accounting. Respondent perceptions of actual preparation versus expected preparation for entry-level accountants showed the presence of large preparation gaps in both directions. For the areas most important to management accountants, such as budgeting and product costing, graduates were underprepared. They were overprepared in areas such as individual income tax and external auditing, which are relatively less important areas for management accountants.

Nearly two-thirds of the respondents believe that there is either a major difference or some difference in the knowledge and skills necessary for entry-level accountants in corporations versus those in public accounting firms. Yet university accounting programs do not reflect this difference. The majority of respondents believe that university accounting programs place too much emphasis on public accounting and not enough on management accounting.

Sixty percent of those surveyed responded that the educational background their company would prefer in entry-level management accountants is a bachelor's degree, while about 20% would prefer a bachelor's degree that includes an internship program. When asked if people interested in pursuing a career in management accounting should be encouraged to take 150

hours of college education rather than the 120-hour bachelor's degree program, 60% favored continuing education beyond the traditional 120-hour bachelor's degree, but half of this group (30%) recommended that the additional 30 hours be earned after beginning employment. Clearly, there is no consensus that entry-level management accountants complete a 150-hour educational program before beginning work.

### THE SOLUTION

The solution to the significant problems identified by the study cannot be developed by either Corporate America or Academic America acting alone. University accounting programs must be restructured to respond to the needs of the corporate customer. To meet this challenge, accounting educators and Corporate America must work together. The solution will come from Academic America, but we, Corporate America, must sit at the table as active participants.

NOW is the time to begin the process of change. IMA and FEI will participate actively in meeting this challenge. We are confident that the members of IMA and FEI, working in partnership with Academic America, can develop solutions to the problems identified in the study and thereby improve the educational preparation of entry-level management accountants and the performance of the organizations that hire them. ■