

## ACCOUNTING LITERACY: A CURRICULAR SYMBIOSIS

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### EXECUTIVE SUMMARY

*The profession of accountancy has evolved throughout the years. The most recent advance occurred with the advent of computerized information systems that present accounting data to all levels of an organization. The core accounting curriculum must grow as well to maintain value within multidisciplinary business degree programs. Leadership through accounting information should replace traditional accounting details in the core classes for non-accounting majors, while accounting majors should become the technical masters of the field. These core courses, which demonstrate accounting information stretching across all lines of business, will further emphasize the role of accounting as the common language of business. The people in the best position to lead the core accounting curriculum changes are accounting educators.*

*The old cliché "the more things change, the more they stay the same" describes the historical trend of the introductory accounting sequence offered by most collegiate level business degree programs. Even a precursory review of the introductory curriculum and its plethora of textbooks would find little that has changed over the last century. While it is true that we have kept pace with contemporary accounting theory and that we have introduced electronic accounting methods along with a virtual network of supplements, the primary emphasis has remained the preparation of our students as if they were destined to become accounting professionals. The time has come to recognize that our information society commands a new perspective concerning the role of accounting in the development of our world's future leaders. Persuasive though we may be as accounting educators, the facts do not support the continuation of the accounting status quo, for the reality is that the collegiate introduction to accounting has failed to keep pace with the needs of the information age. As long as the accounting pedagogy continues to promote the stereotypical imagery which limits the availability of the accounting function to the selected few who are capable of perceiving the accounting process as but one step toward the information that facilitates decision making, our first course in accounting will remain nothing more than a mandated academic requirement belabored by both students and faculty. Tom Peters, futurist and management guru, provides what may be the most salient advice to academic accountants when he quotes Army chief of staff General Eric K Shineski: "If you don't like change, you're going to like irrelevance even less." For today's accounting educator, relevance cannot be taken for granted. For no longer is it just our students who question the relevance of required and elective courses, now, it is faculty in*

*a variety of disciplines who view accounting as a technical skill rather than an academic expertise consistent with the development of intellectual and managerial sophistication.*

*It is not that accounting principles and procedures are any less important to those who must compete in the new century's technocracy than they were to the historical development of business. Nor is it that we have failed to adopt contemporary technology into our course and textbook offerings. Rather, it is that what the information age has done for other disciplines, it has also done for accounting; technology and the Internet have removed much of the mystique about the accounting process. The accounting enigma has been solved through the development of "user friendly" software. Today's accounting systems, like today's desktop computers, depend not on the skill of those who input and output accounting information but on the ability of the professional accountants to install and maintain a system that is transparent to the user. What has happened is that the routine accounting functions that once required an in-depth knowledge of accounting techniques and were relegated to a few individuals with a specialized skill now require little more than a familiarity with a computer keyboard. Technology has become the contemporary panacea that enables anyone in the organization to provide information for analysis. Its panache is creating a new coterie of business professionals characterized by an intimate familiarity with data interpretation, not data collection and presentation. In this arena, their can be only one raison d'être for an introductory accounting course, and that is to professionalize management where the essence of a sophisticated management function is in leadership, not debits and credits, preparing the statements and closing the accounts.*

*In 1963, Alfred Kuhn in his groundbreaking analysis of the behavioral sciences suggested "... a movement is under way to combine, synthesize, and simplify some of the related fields of knowledge so that there will be fewer specialties, or at least a greater amount of common knowledge and technique which will permit a person to move more easily among different specialties, and make greater use of their special contributions." He argues persuasively that although it will not make anyone an expert in any one of the specialties, it should enable them to deal with events in any of the integrated disciplines. Long before the impact of the Information Age and the Internet, he prescribed the path that accounting faculties should have taken to integrate our introductory accounting course into specialized business disciplines. Rather, we assumed, as the times permitted, that accounting's importance to the business curriculum would not wane from its importance as the keystone of contemporary business curricula. We have long argued that accounting is the language of business, now we must design our courses so that accounting becomes the common denominator of the business curriculum, a powerful beginning course that unites all of the business specialties into a unified academic endeavor whose goal is to produce leaders prepared to accept the responsibilities and complexities of their society.*

*If introductory accounting courses are to maintain their importance to a business curriculum, the real challenge is to accounting educators. Can we, in fact, replace tradition with a new and exciting accounting curriculum? What we need is a dynamic and up to date accounting curriculum that reflects that accounting is not an old, traditional discipline, but rather one that has evolved and one that is important to a student's future success without regard to their chosen academic specialty. Course content and teaching methods need consideration but first we must acknowledge that accounting, unlike all other courses in the business curriculum, of necessity crosses all the traditional disciplines. It is this symbiosis that assures that the introductory*

accounting sequence will not become little more than an elective except for those who would be accounting professionals. But, our success in remaining a vital component of tomorrow's collegiate business programs demands that our focus needs to turn away from accounting theory and procedures to a perception of the accounting information system as an integrated and important addition to the methodology of decision making. We must recognize and accept that for the majority of our students managerial literacy with accounting information should replace technical competency in accounting methods.

Perhaps the best example of accounting technical details versus accounting leadership comes from the late 1990s. The .com boom, fueled by young entrepreneurs and an aggressive investor base, viewed the accounting profession as old, stodgy, and unnecessary constraints of innovation. Un-audited pro-forma statements took the place of Generally Accepted Accounting Principals, and 'new economy' valuation models replaced quantitative earnings based models of the past. But after the .com crash of 2000, investors and employees alike began to see the need for accounting leadership. Companies that were to survive had to not only adopt standard measures of financial statements, but also had to view their operations through cost accounting data to drive out costs and inefficiencies. While accounting specialists have the best tools to perform these types of financial and management accounting duties, the general business manager must possess the accounting leadership to recognize that these roles are crucial for success in all stages of a company's life cycle.

Shaw and Weber in a conversation with Wallace Stetinius, chairman of Cadmus Communications Corporation reported that 'nearly everyone in a key management position today manages people who know more about their specialties than he or she does.' As the business curriculum adapts to meet the employment realities, many of our students will find less and less opportunity to elect accounting courses beyond their initial exposure in a required course sequence. These students will never understand what accounting can contribute to their success in their chosen specialty; Our future lies in accepting the responsibility that we have to assure that those who complete an introductory accounting course, perhaps their only accounting course, obtain the knowledge that will not only serve as the prerequisite to their adopted career choices but that will enable them to understand and communicate with their organization's specialists.

As members of the accounting professorate and of the accounting profession we must take the lead in curricular reform. The step will be bold; its success will depend upon our ability to free ourselves from the traditional restraints associated with preparation for accounting certification. Donald J. Hart in "The Journal of Accountancy" in 1969 succinctly summarized the need for curricular reform when he suggested that "the viewpoint that might be most helpful is one that would recognize that accounting should not be regarded as dependent upon a set of constraining tools which limit the user's potential, but a set of facilitative and create tools which can continue to enhance and elevate his competency."

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