

Aspirations of Professionalism in Accountancy

By JAMES DON EDWARDS, Ph.D., CPA

Considerable attention is now focused on the expansion of accounting research and continuing education programs. But the third vital element — accounting education and collaboration between educators and practitioners — is not receiving adequate attention. What is lacking and how to remedy the situation are here discussed.

As the demand for the services of the accountant increases, and pressures are added to our already rapidly expanding accounting education facilities, one is reminded of early educational programs that were begun to improve the quality of accounting instruction. In many instances this improvement was initiated by practicing public accountants.

As early as 1902 after the passing of the Certified Public Accounting Law in Pennsylvania, the Council of the Pennsylvania Institute authorized the formation of classes for the study of four subject-matter areas in the field of accounting. These classes were primarily for staff accountants in practice in Philadelphia. The subject-matter offered was:

"Theory of Accounts"—taught by Robert H. Montgomery.

"Practical Accounts"—taught by L. M. Lybrand.

"Auditing" — taught by J. W. Fernley.

JAMES DON EDWARDS, Ph.D., C.P.A., is Professor and Chairman, Department of Accounting and Financial Administration, Graduate School of Business Administration, Michigan State University. He is the author of "The History of Public Accounting in the United States."

"Commercial Law" — taught by H. G. Stockwell.

These classes began on an evening program basis on October 20, 1902. In 1905, the Wharton School of Accounting and Finance assumed the responsibility for this program.

Previous to this, in 1900, the New York University School of Commerce established what was to be known as the first department of accountancy as such in the world. The new school at New York University instituted the course program in 1901. The Board of Regents appointed C. W. Haskins as the Dean of the new school. Dean Haskins stated that the aim of the program was "to bring together in the school such a core of trained educators and practicing accountants as would meet the requirements of the Board of Examiners under the law of 1896." Thus, at the beginning of the twentieth century when only two or three states had CPA laws in effect, the practicing accountant took an interest in the establishment of education for the newborn profession of accountancy.

INCREASED COOPERATION
BETWEEN ACADEMICIANS AND
PRACTITIONERS VITAL

According to these and subsequent developments, it is apparent that there

THE NEW YORK CERTIFIED PUBLIC ACCOUNTANT JUNE 1963 • 413

الاستشارات
التي

has been a substantial amount of co-operation among academicians and practitioners in the evolution of the accounting profession. The question arises, however, as to the role that the practitioner has assumed in the improvement of accounting education in the present decade when pressures are greater than ever. Accountants, today, aspire to be considered by our society as professionals in a social stratum equal to that of those practicing in medicine and law. Yet the tangible contributions of practitioners to accounting education are not even remotely comparable to those made by the legal and medical professions to their educational institutions.

First class law and medical schools throughout the United States have substantial endowments for research, professors' salaries, libraries, fellowships, scholarships, and are actually promoted by state bar associations, state medical associations, and the national associations of the two professions. In these areas, the practitioner realizes that the status and the image of his profession depend to a considerable degree on the quality of the educational facilities available to the succeeding generation.

Unfortunately, such positive attitudes do not seem to be the case when considering the accounting profession. Rather, the CPA and the various associations, show a surprising lack of concern for the educational facilities that are responsible for the perpetuation and improvement of the professions. How can this situation be improved? What contributions should be made to accounting education by the practitioner and his professional association? The purpose of this article is to examine these questions and offer suggestions for contributions in four areas of needed improvement in accounting education: literary, recognition and financing, legal, and institutional.

LITERARY EFFORTS

For the profession to continue to grow and mature in the dynamic 1960's with the ever expanding functions of the CPA, there must continue to be close cooperation between the practitioner and the accounting educator. It is not enough for the practitioner to give of his time in the teaching of evening classes and special lectures to accounting students, but rather the profession should and must generate useful accounting literature for the years ahead. The development of dynamic, meaningful accounting cases in the fields of auditing, accounting theory, regulation, tax experience, and management services is badly needed today. Such material should be published and be made available to the various libraries as resource materials for students and faculties in the area of accounting.

In the preparation of these materials, the principal problem to be overcome would be the confidential client-CPA relationship. It might be possible for this material to be developed in conjunction with the Accounting Principles Board. The AICPA could actually decide to publish significant articles under the title of "A Current Series of Practical Accounting and Auditing Problems." Suggested answers or solutions could be deleted providing the setting for extensive discussion by students, professors, and practitioners.

It should not be left unmentioned that there have been significant contributions of this nature by individuals such as Colonel Montgomery, George O. May, H. A. Finney, and a few others. Recently there have been such contributions as those of the Haskins and Sells Foundation in the underwriting of the cost of reprinting classics in accounting literature including Sanders, Hatfield and Moore's monograph; and Paton's *Accounting Theory*. Arthur Andersen & Co. has provided "Cases

on Professional Accountancy." The AICPA Bulletins and materials published by the Touche, Ross, Bailey and Smart Foundation have also made significant additions. All of these works, however, are only the beginning of the needed professional literature. In the legal profession these needs are supplied as the various court decisions continue to contribute to the establishment of outstanding legal libraries in the various law schools. Medical and scientific research, basic and applied, continue to expand the knowledge of the practitioner as well as the specialist in the medical profession. By putting off efforts to develop such literature in the area of accounting, we are neglecting our futures.

RECOGNITION AND FINANCING

How do individuals in accounting education compare with their counterparts in other professions? Within the scope of accountancy itself, professors are not as favorably recognized by the practitioner as one would hope. The basic problem here is with the relative monetary status of college professors in accountancy compared with top practitioners. By and large, accounting educators do not feel a need to take a defensive attitude. However, most of them could make a living "outside" but are doing work they prefer for less pay but with equivalent ability and training. The profession cannot expect the desire to teach to serve as an effective substitute for an adequate living. The college professor in accounting must not be an unsuccessful practitioner who could not make a living or who could not obtain a partnership in a firm. Rather, he must be a man of high intellectual level, recognized by practitioners as one able to perpetrate the desirable standards of the accounting profession. If this is to be the case, the financial compensation of the college professor should be such that he

will have a strong desire to remain in education, to pursue research and teaching efforts toward the further recognition of the profession.

An example of an attitude toward educators held by some practitioners is the following true story. One of my accounting professor colleagues from a mid-western university was invited to address a large metropolitan chapter of a state CPA association. The distance was about 250 miles; because of transportation problems, the speaker travelled by automobile. After driving the better part of a day, he attended the dinner and made his presentation of 45 to 50 minutes followed by an extensive questioning period. Following the meeting, the program chairman stepped forward and gave my colleague a check for \$100, indicating that this was an honorarium for his presentation and for his expenses.

At first glance, \$100 would seem adequate. But deduct from that the transportation covering five hundred miles, meals for two days, hotel accommodations, and at least a day or two of preparation time; and then look at the \$100 honorarium and expense allowance. My colleague's reaction was a most honorable one. He deducted his expenses and returned the difference saying that this was not an honorarium but an expense allowance, just to set the record straight. This kind of treatment by practitioners of an outstanding accounting educator leaves a great deal to be desired. Using the current fee structure of the practitioner and applying it to the academician's time and effort, such a client would probably have been charged a minimum of \$200 plus expenses. Such an unfavorable discrepancy can have only negative results in the long run. The profession must indicate in some tangible way its general respect for accounting educators.

However, some progress has been

made in recent years indicating a possible favorable trend. More and more accounting professors are being invited to participate in training programs sponsored by public accounting firms. The American Institute staff has recognized the contribution that can be made by accounting educators with the appointment of such former professors as Louis W. Matusiak, Director of Continuing Education; Edward S. Lynn, Director of Education; and Maurice Moonitz as Research Director of the Accounting Principles Board. All of these appointments are recent examples of recognition given to accounting educators who have had some public accounting experience but whose career has been primarily in accounting education.

Regular Contacts Between Practitioners and Educators Helpful. Frequent association and interaction of practitioners and educators is another positive step in improving the quality of accounting education. In the past few years at Michigan State University, the faculty of the department of accounting has been meeting annually with the partners and staff members of two public accounting firms. One of the meetings is held in a large city. The purpose of these meetings is two-fold. First, they provide an opportunity for the practitioners to discuss with accounting educators current accounting, auditing, and management service problems faced by their firms, case illustrations, etc. Secondly, accounting educators can discuss with these practitioners current educational problems, student-faculty relations, and academic requirements. Thus, the practitioners are used as an unofficial advisory committee, who actually make penetrating and useful comments regarding accounting education; and the faculty benefits from the realistic and meaningful experiences of the practitioners.

Financial Aid to Students. The recognition of financial dilemma is also applicable to young men desiring graduate education in accounting. The public accounting practitioner should substantially increase financial assistance to qualified individuals. Without the continued entrance of outstanding people into accounting education, the public accounting profession will suffer greatly, both on an individual firm basis and in the aggregate. These contributions can be in the form of fellowships, scholarships, and endowed chairs in professional accounting education. They should not be from just a few large national or international public accounting firms, but rather on the basis of the individual CPA. Considering the 35,000 AICPA members, a \$10 contribution by each individual would amount to \$350,000. If higher education in accounting could expect to receive one-half of that amount—\$175,000—assistance could be granted to forty or fifty doctoral candidates each year. Such financial assistance must be available to ensure the quality of entrants necessary to assume future responsibilities in accounting education.

EXTERNAL INFLUENCES

One major problem facing the profession and the relationships between practitioners and educators is in the requirements of accounting education for certification. The several state boards of accountancy have assumed a role of curriculum building outside the academic framework of colleges and universities. An example of this is in the recent deliberations of the New York State Board of Accountancy and its consideration of increasing the accounting requirements for persons sitting for the New York CPA examination from 24 to 30 hours. The Board requirements go far beyond this in specifying certain credits in corpora-

tion finance, economics, business law and other academic areas.

Traditionally, the establishment of specific academic requirements and the building of curriculum lie within the realm of responsibility of educators. Hence the problem of invasion of the prerogatives of the educator is certainly a danger signal and a point of irritation for many of us in education. Also, the writing of specific requirements into policy, or in some cases into actual statutes creates dangerous rigidities, and lack of adaptability to a changing economic and institutional environment. The accountancy profession and business education are dynamic and should not be subjected to the straight-jacket of legal requirements or of state board policy in the establishment of academic policy and curricula.

Boards of accountancy can be particularly helpful to educators in furnishing data on candidates sitting for the CPA examination. They have the responsibility for establishing general requirements for candidates, such as a degree in accounting from an accredited school that is a member of the American Collegiate Schools of Business, and professional experience requirements. But state Boards of Accountancy should not take it upon themselves to specify what courses a school must offer.

INSTITUTIONAL EXPANSION

Another major problem in accounting education is the question of the establishment of schools of accountancy. Thus far, schools of accountancy have been set up at relatively smaller educational institutions. None of the major colleges or universities in the East or Mid-west has established such schools. If the need does exist for schools of accountancy, it is probable that the wrong reasons have been used by institutions to establish these

programs. For the programs to be successful, these schools are going to have to be established and staffed by such top-notch accounting faculties as those at the University of Illinois, the University of California, Syracuse University, the University of North Carolina, and the University of Texas, to mention a few.

At present, there is no available data indicating that schools of accountancy are necessary, except for window-dressing purposes; in most colleges of business administration, the same educational standards for education and experience for CPA's can be attained within the current structure. This is not to say that one day we will not need and have faculty and available literature to support schools of accountancy. This problem should be explored thoroughly; we should not be stampeded by personnel directors of public accounting firms who feel we should have schools of accountancy, as distinct from already successful departments of accounting.

Accreditation Problems. An area in which there is some potential conflict between practitioners and the accounting educators is the accreditation of accounting programs or schools of accountancy. There are some who feel that the American Institute of Certified Public Accountants or its educational subdivision should be the accrediting agency. Others feel that this should be done through the American Accounting Association, and still others believe that it should not be done at all. However, as the profession continues to mature and receive professional recognition, it is obvious that some accreditation of programs will inevitably come about.

The law schools are accredited on the basis of such criteria as the adequacy of libraries and physical facilities, the academic and professional

recognition of their faculties, and the quality of students. A national entrance examination is available and used extensively as is the case with medical schools.

CONCLUSION

In summary, the several points considered in this article need not be restated. It will suffice to say that the future of the accounting profession must be recognized as being a directly related function of accounting educa-

tion. Unless the practitioner individually, or through his professional organization, assumes the responsibility for supplying the badly needed literary and financial resources, and overtly recognizes and encourages the accounting educator, the aspiration of further professionalism in accountancy is unrealistic. As in the past, there must be a continued and increased degree of cooperation between the practitioner and educator. The benefits will be mutually advantageous.

NEW DEVELOPMENT IN ACCOUNTING EDUCATION

Perhaps I may be permitted to refer finally to a development at my own college in the University of London, The London School of Economics and Political Science. Some of us who are concerned particularly with the teaching of accounting are so convinced of the need to raise the mathematical skills of our own graduates that we have, with the collaboration of our mathematical friends, introduced into the first year of the university course in economics which is followed by those who wish to specialize on the accounting side, a compulsory mathematics course. This is designed to allow our students, including those who have only reached ordinary level in mathematics in the General Certificate of Education, to bring themselves up to a standard which will permit them later, if they so wish, to study at least the principles of some of the new management mathematics.

Those who wish to can pursue these studies further in their second and third years. Those who do not will at least have a basis upon which they can build later should they experience the need to do so, after they have left the University. In some degree we regard ourselves as pioneers in this work.

H. C. EDEY, B.Com., F.C.A., "Thinking In Figures,"
THE ACCOUNTANT (England), April 21, 1962