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# Changing Accounting Education With Purpose: Market-Based Strategic Planning for Departments of Accounting

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ABSTRACT: Three independent factors are simultaneously motivating changes in accounting education: the 150-hour educational requirement, the "accounting education change" movement, and changes in accreditation standards. These three catalysts combine to provide a unique window of opportunity for change. The authors build on models presented by Hofer and Schendel (1978) and Porter (1985) to suggest a planning process involving ten sequential steps to enhance the likelihood of making change with purpose. The steps are:

1. Study your potential markets.
2. Evaluate your raw materials.
3. Evaluate your resources.
4. Study your competition.
5. Develop your strategy (select your niche).
6. State your mission.
7. Design your product.
8. Design your production process.
9. Implement change.
10. Monitor outcomes.

The process outlined can cause discomfort, but also holds great promise. Accounting faculties should honestly and openly talk about some very difficult issues. The CPA market is not the only one that faculty should consider. There may be tremendous opportunities for exploitation of previously ignored market segments with new "products."

The phrase "Accounting education change" has been widely used in recent years. It seems that everyone is talking about change. Some accounting departments are implementing various forms of change, and others are planning future change. (Still others are sick of hearing about change.) How can a department of accounting ensure that its change efforts will lead to desired outcomes?

Strategic planning is a tool that can help ensure that the change process will be effective. Various strategic planning models for accounting

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education have been proposed in recent years. Elliott (1992, 81) encouraged academics to "redesign their product and their delivery process," adopt a "customer orientation," and "figure out how to create greater educational value for their customers." He modeled education in the form of a university value chain. Primary activities (recruiting students, curriculum design, educating students and continuing education) are bolstered by support activities (libraries, dormitories, research, etc.). Together, they create a margin of utility greater than the total costs of operating the university. The value flows from faculty, to the university, to the students and, finally, to employers. He conceptualized the research function as an entirely separate value chain. While valuable as a theoretical model, Elliott's (1992) strategic-planning model does not provide specific direction to accounting faculties on how to actually do strategic planning.

The Ernst & Young Foundation funded a "Strategic Planning Partnership" project in which 13 colleges and universities went through a strategic-planning process (Moore and Diamond 1995). This project was very "hands-on" and encompassed both research and teaching. The framework considered environment, marketplace, competition, stakeholder needs and SWOT (strengths, weaknesses, opportunities and threats) on one dimension, and distinctive capabilities, measurements, strategies and action plans on another dimension. The work plan involved many meetings and work sessions requiring intensive time commitments over 18–24 weeks, including meetings with expert consultants in strategic planning. Although it had the advantage of being comprehensive, we believe the 18–24 week process is too time-consuming to be used by many departments of accounting. Most importantly, the process resulted in plans that seem remarkably similar, which may or may not be reflective of the similarity of the institutions involved. In either case, because the process did not encourage the faculties of the various schools to differentiate themselves by selecting specific market niches, it resulted in mission statements and strategies to "be all things to all people." Such may not be an effective approach for some programs, particularly at smaller institutions.

Building on a model presented by Hofer and Schendel (1978), this paper considers the current environmental conditions which are motivating change in accounting education, and presents an understandable, step-by-step, strategic approach which may be used by any school or department of accounting in its change process. Utilization of this strategic approach should not only help institutions respond appropriately to the new external environment, but also ensure that change is effected with purpose.[1]

[1] This article approaches strategic planning from a market perspective. We conceptualize students as raw materials and graduates as finished goods inventory. Thus, our focus is primarily on the teaching aspect of the mission of accounting programs, which is universal across all accounting programs. Of course, most universities have additional aspects to their missions (and thus, other "products"), i.e., research and service. By focusing on the teaching mission, the authors do not imply a lack of esteem for contributions made by such institutions through research and service. Although this paper focuses on teaching, many of the basic principles would apply to research and service, as well.

## CATALYSTS FOR CHANGE

During the last decade, many projects for curriculum and pedagogical change in accounting education have been undertaken at universities in the United States. Possibly, more change has happened during these ten years than in the previous 90 years, combined. These changes have been motivated primarily by the following three external factors: (1) the "White Paper" by the largest national CPA firms, and the accompanying $4 million to found and fund the Accounting Education Change Commission in 1989; (2) the 150-hour educational membership requirement vote of the AICPA in 1988 and subsequent changes in state licensing requirements nationwide; and (3) the new accreditation requirements adopted by the AACSB in 1991.

These three issues are sometimes blurred or lumped together by accounting educators. Before considering changes in pedagogy and curriculum, it is important to separate and clarify the motivations for change. The relevance and relative importance of each of the external influences must be considered carefully and independently; otherwise, changes will be reactive rather than proactive.

### Meeting the Needs of the Profession

Accounting professionals, joined by forward-looking educators, have expressed dissatisfaction with accounting graduates and have lobbied hard for changes in accounting programs to correct these deficiencies. The AAA's Bedford Committee (1986) report and the then "Big 8" White Paper (*Perspectives* 1989) led to the formation of the Accounting Education Change Commission (AECC) (1990a, 1990b). Most, if not all, accounting educators are aware of the AECC, and in recent years, many have been caught up in the rage for change based on this external factor.

The basic message of this catalyst for change is that prevailing accounting curricula and pedagogical techniques are outdated and that they produce graduates who are ill-prepared for the changing profession. Thus, the basic goal of change by the White Paper and the AECC, as well as the IMA/FEI survey (Siegel and Sorensen 1994), is to develop additional skills and knowledge through restructuring curricula and utilizing new teaching techniques. The motivation for change is based on wanting the institution's graduates to be competitive and competent in the marketplace.

### 150-Hour Requirement

The movement toward the 150-hour educational requirement started nearly 30 years ago and is concerned exclusively with the length of the university education required to become a Certified Public Accountant. We view this catalyst for change as completely distinct and separate from the White Paper and the founding of the Accounting Education Change Commission. The originators of this movement (AICPA 1968, 1969) were *not* concerned with improving the quality of accounting education by changing the curriculum and teaching methods. They merely examined the common body of knowledge and concluded it would take five years of education to cover it. There was nothing in the Beamer Report to suggest that accounting education was ill and needed healing (AICPA 1968, 1969). Nor was there any consideration of the educational requirement appropriate for non-CPA accountants, who constitute the majority of accounting graduates. Thus, in contrast to the first, this second motivation for change does not apply to the entire market for accounting graduates, but rather to only one specific market segment.

Critics and lobbyists notwithstanding, it is reasonably clear that the 150-hour educational requirement is now well on its way to universal adoption, with over half of the states having passed legislation.[2] Additionally, the AICPA membership requirement will have an impact even if universal adoption is not quickly achieved. Thus, regardless of the opinions of faculty members regarding its merits, those institutions that wish to serve this market, either directly or indirectly, will eventually be forced to consider the strategic implications of the 150-hour requirement to their respective missions, and how to respond to those implications.

### AACSB Accreditation Requirements

In 1991, the American Assembly of Collegiate Schools of Business (AACSB) adopted new accreditation standards for accounting programs (AACSB 1991; Bailey and Bentz 1991). These new standards represent a significant philosophical change, from a measurement-of-inputs approach toward a measurement-of-outputs approach. The new standards are mission based. Their focus is on how each unique organization uses the resources it has in order to achieve the specific mission it has developed. The new standards should motivate institutions to plan strategically to achieve their missions.

This linkage of accreditation to the unique, respective mission of each institution, and the acceptance of diverse strategies in the pursuit of "quality," have significant implications for many institutions. In effect, the new standards mandate a strategic management approach.

This external motivator for change is similar to the 150-hour requirement in that it applies only to certain producers; in this case, those that are either AACSB-accredited or wish to become so. Although it involves most major U.S. accounting programs, many other programs are not directly affected. Nevertheless, such programs should not ignore this factor; all institutions can benefit from a strategic management approach, regardless of whether they are accredited.

Conversely, AACSB-accredited institutions should not assume that going through the process of accreditation will necessarily accomplish the market-based strategic management advocated in this article.[3]

### Need for Strategic Change

The White Paper and founding of the AECC, the 150-hour educational requirement and the new AACSB accreditation standards for accounting programs combine to create a powerful and sometimes confusing external environment. The strategic implications of each must be considered, individually. To assist faculty in

[2] As of the date of this writing, 41 of 54 states/jurisdictions have passed some form of 150-hour requirement.

[3] For example, appendix A provides a sample mission statement of an AACSB-accredited school. Note that no specific market segments have been targeted. Rather, the mission broadly refers to preparing students for "professional careers in industry, public accounting, and other organizations" and for "professional accountancy and related business careers." Such an approach seems to be typical. The dangers of producing a generic product are discussed later in this article.

placing these three issues into proper perspective, appendix B offers a concise history of each.

The danger in basing accounting education change solely on one or more of these external factors is that they do not comprise all relevant strategic considerations. While each of them has significant strategic implications, these factors do not constitute the entire strategic environment for a particular institution; thus, they should not automatically dictate strategic direction.

Given the current external environment, change may be necessary and inevitable for every institution offering accounting degrees. However, not all institutions should change the same way. Rather than merely *reacting* to external factors in a reflexive manner, so that the course of action to be taken becomes a foregone conclusion, educators should recognize that the best formula for change is unique to each institution. To find a specific prescription for change that will *proactively* chart a course into the next century requires the use of a sound, strategic-planning process.

The remainder of this paper references the strategic-planning literature to develop a ten-step model for use by accounting departments to change with purpose.

## ORGANIZATIONAL STRATEGY FRAMEWORK

In order to effectively and efficiently meet organizational objectives, a well-developed strategy should be the foundation of any change effort. Hofer and Schendel (1978, 25) defined an organization's strategy as the "fundamental pattern of present and planned resource deployments and environmental interactions that indicates how the organization will achieve its objectives." They noted four components of organizational strategy: Scope, Resource Deployment, Competitive Advantage and Synergy. Scope addresses the external environment, the factors outside the organization's control. Resource Deployment deals with the internal environment of the organization, its strengths and weaknesses. Competitive Advantage can be developed by meeting specific needs of the external environment through a strategic deployment of resources that maximizes the organization's strengths. Finally, Synergy results from the favorable joint effects of strategic decisions based on Scope, Resource Deployment and Competitive Advantage.

In the following sections, we discuss how accounting educators can apply these strategic components utilizing a step-by-step plan (see figure 1) for effectively and efficiently designing and implementing accounting education change. (Appendix A summarizes some questions relating to each of the ten steps.)

## SCOPE

Strategic scope deals with the organization's environment, and the extent to which it currently interacts and plans to interact with that environment (Hofer and Schendel 1978). We have discussed several highly visible, external factors that are currently motivating changes to accounting programs. Other important external factors, however, are not changing as rapidly, and may be inadvertently overlooked. All external factors affecting the accounting department must be carefully examined to determine the Scope.

Additionally, various forces are at work in the environment of higher

**FIGURE 1**
**The Strategic Change Model**

**Scope**
1. Study your potential markets.
2. Evaluate your raw materials.

**Resource Deployment**
3. Evaluate your resources.

**Competitive Advantage**
4. Study your competition.
5. Develop your strategy (select your niche), based on:
   a. Cost Leadership (low-cost provider)
   b. Differentiation (unique in a valued dimension)
   c. Focus (exclude other segments)
   d. Synergy (joint effects)

**Design**
6. State your mission.
7. Design your product.
8. Design your production process.

**Strategic Control**
9. Implement change.
10. Monitor outcomes.

education, in general. One example of such a factor is the demand for increasing accountability in higher education by stakeholders and providers of funds (parents, legislators, regents, etc.) This accountability movement is closely tied to pressure to control costs; those who spend the money are decreasingly willing to "write blank checks" to higher education without accountability. Pressures for increased fiscal austerity, assessments for purposes of accountability, increased teaching loads, less emphasis on research, post-tenure reviews (or the abolition of tenure), etc., are increasing, nationwide.

Another external factor affecting higher education is increasing competition from proprietary and "corporate" schools. Some such schools are beginning to seek accreditation from the AACSB. The implications of this trend are far-reaching.

We suggest two steps dealing with Scope, as follows.

### Step 1: Study Your Potential Markets

A careful and frank study of the marketplace is a critical component of strategic scope. However, this step is frequently ignored in the change process employed by many schools. This is particularly true when states pass 150-hour legislation. It seems that when the law passes, institutions in the state that offer any sort of accounting program, no matter how large or small, no matter the demographics of the student body or faculty, or any of the other considerations listed below, immediately start planning how they are going to meet the new requirement. This seems to be true even though the best strategic response may lie along an entirely different path.[4]

[4] For example, when Utah passed 150-hour legislation, two four-year universities that previously had no graduate programs of any kind anywhere on their campuses lobbied for,

(Continued on next page)

Keep in mind that the 150-hour educational requirement is a requirement for only one market segment—Certified Public Accounting—and that only a relatively small percentage of accounting graduates ever become CPAs (less than 25 percent in 1994).[5] Only about one-fourth of accounting graduates are hired by public accounting firms,[6] and this percentage is declining over time (Siegel and Kulesza 1996, 43). Additionally, less than one-half of the AICPA membership are in public practice.[7] Some individuals are only interested in the CPA credentials, and they do not plan on long-term public accounting careers.

Consider, also, the existence of clear indications that this market segment is maturing and shrinking. For example, few accounting educators have not heard about a letter dated August 2, 1994, from Bernie Milano of KPMG Peat Marwick. Where KPMG hired 2,300 graduates in 1993 and 1,600 in 1994, the letter indicated they planned to hire only 800–1,000 in the future. It also stated that this is a permanent, not a cyclical, change. KPMG has also significantly reduced the number of universities at which it recruits from past levels down to about 50.

Reckers (1995) reported a shift in the direction of typical career paths. Traditionally, many of the top students have been hired from school into public accounting, from where most have eventually moved into industry; in the future, a typical career path may be in the opposite direction: from school to industry to public accounting.

> It was recently proposed at the highest levels of the Big 6 that the best source of new employees may not be college campuses at all, but rather clients....Thus, public accounting is demanding fewer and fewer students which, in a

Footnote 4 (Continued from previous page)

and received, Masters' programs in accounting. (One of these institutions has fewer than 4,000 total students, and fewer than a dozen Masters' students in its program.) This is in a relatively small state which already possessed three AACSB-accredited Masters' programs at FSA-member institutions, *before* the legislation was passed. We might take a clue from the medical profession in this regard; Utah has only one medical school in the state. One of the four-year institutions referred to above has an excellent nursing program, but no one is pushing to expand it into another medical school! A strong case could be made that a better use of scarce resources and a much higher benefit/cost ratio could have been achieved if, when the 150-hour law passed, these four-year schools had positioned themselves to either prepare accounting students for admission at one of the three existing graduate programs, or to prepare para-professionals for the accounting profession (similar to nurses in the medical profession).

[5] In the 1993–94 academic year, there were 53,450 B.S. graduates and 7,170 Masters' graduates (AICPA 1995). At the May and November 1994 administrations, 15,463 B.S. and 1,501 Masters' first-time candidates sat for the Uniform CPA Examination (NASBA 1994). Thus, of a pool of 60,620 potential new CPAs, approximately 16,964, or 28 percent, sat for the CPA Exam. Of these, only 15 percent of B.S. and 29 percent of Masters' graduates passed all four parts of the exam at the first sitting. Although no statistics are available on eventual success rates, clearly, not all candidates are ultimately successful. Additionally, because of experience requirements, not all who do pass the CPA Exam actually become certified. Therefore, we conservatively estimate that fewer than 25 percent of accounting graduates eventually become CPAs.

[6] In 1994, 26 percent of Bachelors' and 43 percent of Masters' graduates were placed in public accounting. The weighted average of both degrees combined is 28 percent (AICPA 1995).

[7] In 1996, 40.4 percent of AICPA membership listed their present occupation as public accounting, while 42.3 percent were in business and industry and 4.4 percent were in government (AICPA 1996).

> market with a constant supply, will drive down starting salaries and/or demand enhanced credentials of employee applicants. (Reckers 1995, 20)

Reckers (1995) recommends that, in addition to improving our products, accounting educators must also "look to new markets (not just public accounting)." Clearly, within public accounting, employers enjoy a "buyers' market" (Elliott 1992, 83). There may presently be more producers of entry-level CPAs than the market can absorb.

A review of these facts makes us ask, "Why do so many accounting educators get so overly concerned about the 150-hour requirement?" The Certified Public Accounting market is only one of many markets served by accounting educators. Why do we all seem to be letting this one segment shape our future? Is it the mystique of the national CPA firms? Is it tradition? In any case, perhaps it would be wise to consider concentrating on other, growing market segments, rather than attempting to compete in a shrinking market, one which is now demanding increased product differentiation and production costs.

Two important considerations in Step 1 (study your potential markets) include making sure that all potential market segments are distinguished, and then clearly identifying the unique, specific needs of each of those market segments. Professional accounting firms and organizations, which consider themselves customers of accounting education, have communicated their needs for specific competencies in accounting graduates, and expect accounting educators to satisfy those needs. The Big 8 White Paper (*Perspectives* 1989) and the joint research project of the IMA and FEI, "What Corporate America Wants in Entry-Level Accountants" (Siegel and Sorensen 1994), provide educators with information about the specific competencies accounting graduates should possess to meet the needs of at least two of these constituencies. Further research may be needed to determine the needs of other market segments. In any case, keep in mind that the 150-hour requirement is required *only* by the CPA market segment.

Some potential markets are not immediately obvious; don't overlook them. For example, remember that one potential customer (the "buyer" of your "product") for a two-year school may be a four-year school. Likewise, the "buyer" of the graduates of a four-year school may be a graduate school. Such receivers of transfer students represent an important potential market for your graduates.

**Step 2: Evaluate Your Raw Materials**

A business that receives logs as a raw material is not likely to succeed in trying to produce finished steel. Likewise, to be effective, an educational institution must take into account the characteristics of its raw materials, the students.

Each institution should carefully consider the demographics of its student body. Factors to study include quality, age distribution, ethnic composition, mobility, number transferring to and from other institutions, work experience, maturity, outside work demands, family demands and language skills. Each of these factors, as well as others, will influence the design of the program.

The characteristics of your students may place significant constraints on your strategic direction. Alternatively, if the quality or other characteristics of your students is not strategically advantageous, consider the possibility of *recruiting* students with characteristics different from the existing body of accounting majors. For example, several institutions, including the University of North Carolina at Chapel Hill, the University of Southern California and Boston University, have designed programs for liberal arts graduates to earn a masters' degree in accounting in one, very intensive year, and are aggressively marketing those programs to liberal arts majors throughout their respective regions. Kansas State University employs some innovative methods in a comprehensive, ongoing strategy to recruit some of the best and brightest students from local high schools into their accounting program.

In any case, your strategic direction should be compatible with the characteristics of your students. For example, if many of the students have full-time jobs, evening and weekend programs may be successful.

## RESOURCE DEPLOYMENT

The second component of organizational strategy is resource deployment, which looks at how resources are deployed to help the organization achieve its goals (Hofer and Schendel 1978). During analysis in this area, faculty should identify and evaluate those areas where the organization possesses distinctive competencies, which may be difficult or costly for other organizations to duplicate. Thus, the next step in the strategic change process is as follows.

### Step 3: Evaluate Your Resources

During the resource deployment strategy analysis, faculty should carefully identify resources that make their institution unique or particularly strong in specific areas. A careful examination of internal strengths and weaknesses is critical.[8] What are the strengths and weaknesses of your faculty? What sort of balance do they have in terms of teaching and research skills? Is the faculty qualified and able to teach "soft skills" as well as technical knowledge? To what extent does your tenure, promotion and retention document (and the accompanying inter-departmental politics) allow your faculty to explore various teaching methods and innovative classroom techniques without fear? How broad are the faculty interests and how diverse are the areas of specialization? What proportion of the faculty are professionally certified, and in what areas? How many possess recent relevant experiences? In what fields and specialties are these experiences? To what extent do you use adjunct faculty? Are good adjuncts readily available?

What is the depth and functional expertise of your faculty? For example, it might not be wise to start a masters of taxation program at a school with only one or two professors who specialize in tax. If one's current resources are deficient in an area, one must carefully evaluate whether sufficient resources can be obtained in the future to meet the specialization's needs. Any successful program must capitalize on the strengths of the faculty and provide an affordable way of correcting or compensating for the weaknesses therein.

How many programs do you currently offer and how thinly are you spread? Which programs are your

[8] The AACSB standards are a good source for materials on evaluating resources.

strongest? If the great love of your faculty is top-tier research and teaching in the Ph.D. program, and everything else is simply a means to obtain funding for your department, that's a very different situation from a teaching school where the great love of the faculty is preparing undergraduate students for professional entry. What is your teaching load? How strong are current and anticipated pressures for increased teaching loads at your institution? What are the prospects for additional funding to support new or expanded programs?

Are there other strong colleges or departments at the university with which you can develop symbiotic relationships? How extensive are the computer facilities? How available are the computer facilities to students? To faculty? How extensive is the library? Where is the library located? Are other research tools like NAARS and LEXIS available and easily accessible by students? By faculty?

How do the goals of your department relate to those of the institution of which you are a part? Where is your school located? Is it a commuter campus located in a large city, or is it a traditional, residence campus in a relatively small city? These and many other important factors about the campus should be integrated into your plan. This is essential, as a good plan will capitalize on the resources you have, rather than draining resources and making you ineffective. You should place efforts where they will be most likely to produce meaningful results. In this era of budget constraints, there are few institutions with resources sufficient to allow them to start out anew and build from the ground up. However, with a good long-term plan, resources can be shifted to high priority areas.

## COMPETITIVE ADVANTAGE

Competitive advantage is achieved by properly focusing the organization's scope and resources on a position that is unique from its competitors (Hofer and Schendel 1978). This leads us to the next step in the strategic change model.

### Step 4: Study Your Competition

Now that you have identified your resources, the next step in the process is to study the capabilities, resources, and strategic advantages and disadvantages of competing accounting programs. In doing so, do not limit the analysis to traditional, regional rivals. In the past, perhaps you have competed for placements with one or two other schools in your area. However, the world is shrinking. The world market is not just for consumer goods; it is beginning to affect the market of accounting graduates. If your school has been protected from "foreign competition" in the past, that may not remain true in the future. In a world market, you may find yourself in competition with schools you never heard of before.[9] This will be particularly true if you select a specialized market niche (see Step 5).

Are your students in competition with each other for jobs, or with graduates of other programs? Which programs? What are the strengths of your competition, and what are their weaknesses that you can exploit?

### Step 5: Develop Your Strategy

Porter (1985) described three generic strategies an organization can

[9] Such as proprietary schools, satellite schools, interstate schools, corporate schools, foreign schools, etc.

use to achieve above-average performance: cost leadership, differentiation and focus. In the following sections, we discuss how these generic strategies may be used by different types of educational institutions when making the choice of a market niche.

### *Cost Leadership*

The cost leadership strategy focuses on the organization becoming the low-cost producer (Porter 1985). This strategy can be particularly effective for community colleges, which have relatively lower overhead and faculty pay rates compared to four-year colleges and graduate schools.

Some colleges may develop low-cost, para-professional accounting programs and exploit this neglected part of the market. We predict there would be high demand for graduates of a carefully thought-out, para-professional accounting program. Others may wish to focus on preparing graduates as accountants for small businesses, to start their own businesses, or to succeed in a host of other accounting-related career paths, where the cost of delivering these skills may not be as high as in traditional accounting programs.

Many two-year institutions will position themselves as low-cost producers of partially finished "raw materials" for four-year universities. Similarly, some four-year schools may choose to position themselves as producers of high-quality "raw materials" for graduate schools. Rather than developing a new 150-hour program for a shrinking, maturing market, some institutions should seriously consider networking with another university which has an existing graduate program. Some undergraduate programs can best focus on preparing students to get into top graduate programs at other institutions. In this regard, accounting might take a cue from other professions; how many of your university's graduates transfer to other institutions to pursue professional degrees in medicine, law, architecture, etc.?

### *Differentiation*

Porter's (1985) second generic strategy, differentiation, attempts to make the organization unique in a dimension that is valued by the customer. In general, a differentiation strategy would work best for large institutions with relatively low resource constraint problems.

Many institutions should seriously consider relinquishing the public accounting market and instead, specialize in producing graduates for industry or government. The recent IMA survey indicated that industry is not clamoring for 150 hours, but they are very vocal about the need for change in undergraduate accounting education (Siegel and Sorensen 1994). They are saying with a very loud voice that existing programs focus too much on public accounting and fail to adequately prepare students for entry into the corporate world. In response, seven times as many accounting educators are anticipating more managerial accounting content in future curricula than those who are anticipating more financial accounting (Siegel and Kulesza 1996). We predict that some four-year schools will make a very wise strategic move to exit the CPA business altogether and cater to these customers by producing the very best management accountants in their geographical regions. (Similarly, other schools will cater to internal auditing, governmental accounting, financial planning, fraud investigation and forensic accounting, information systems, para-professional accounting, etc.)

We are not saying the CPA market is not important. Nor are we saying that some (even many) schools should not look very hard at serving the CPA market. Rather, our argument is that schools should focus and differentiate themselves (Moore 1997). No longer should *all* schools focus on this market. Many schools would seemingly be much better off to get out of the CPA market. Others should concentrate almost exclusively on this market. Still others can simultaneously serve two or more market segments.

Even some smaller institutions with existing masters' programs may need to re-think this issue. As the Big 6 consolidate their support to fewer and fewer campuses, even some five-year, accredited schools may need to reconsider their markets. When customers stop buying your product, you must either change markets or close shop. Your university may have a proud tradition of placing graduates with the Big 6, but remember, in the 1950s, the Big 3 had a proud tradition of placing automobiles in American garages, too. Foreign competition eventually forced them to change their strategies.

Are you strategically best situated to produce an "end product" or to be a supplier of partially finished "raw materials" to another "manufacturer"? If you are at either a two-year or a five-year institution, the answer may seem obvious. However, if you are a four-year institution, it may not be so clear. In the past, you have likely been in the end-product market, but that may not necessarily be the best strategic route for the future.

While this article is focused on teaching, we should point out that intellectual contributions and service are also ways of differentiating one's school. The AACSB accreditation standards require schools to specifically address the relative emphasis on service, intellectual contributions and teaching (AACSB 1993). The AACSB standards and interpretations for faculty qualifications also suggest ways to differentiate oneself from other institutions.

***Focus***

Porter's (1985) third generic strategy, focus, concentrates efforts on serving a narrow segment of the market, purposely excluding other segments. Focus strategies are commonly referred to as "niche strategies." These strategies work best for middle-size institutions which do not have the resources to compete effectively with larger institutions across the board.

Selecting the most advantageous market niche cannot be accomplished without first going through each of the previous steps: studying your potential markets, evaluating your student body, evaluating your faculty and other resources, and studying your competition. It involves asking, "What do we or can we offer that is unusual or unique?" (If there is no clear answer to that question, you may not have done an adequate job in the first four steps; in any case, you're "in trouble," because focus will be difficult to achieve.)

Some larger schools may select several market niches by developing a program with various "tracks" (for example, a tax track, an audit track, an information systems track, a managerial track, etc.). Each of these tracks may be thought of as products designed to satisfy a particular market need. But too many tracks dilute efforts; it may be better to exploit one niche where you are strong, rather than employing the "shotgun approach" and trying to produce a generic product for all customers, but which pleases no one. This is particularly true at smaller institutions with significant resource constraints. Remember, also, that the skills found most lacking in both the national firms' White Paper (*Perspectives* 1989) and in the IMA study (Siegel and Sorensen 1994) are *general* skills and knowledge, rather than specialized, technical knowledge.

An important consideration as you select your market niche(s) is the nature of the market itself. Is your market local, regional, national or international? In what region(s) of the country are your graduates typically placed; are you in an area where most of your students place locally, or do significant numbers of them leave the area? What types of jobs do your graduates take after graduation (industry, government, public accounting, etc.)? Do most of your students enter the job market or do many of them go on for advanced degrees? Don't forget that the answers to these questions may be different now than they were ten years ago.

### *Failure to Achieve Competitive Advantage*

Many organizations fail to achieve any of the three generic strategies (cost leadership, differentiation and focus). They find themselves "stuck in the middle," producing a generic product and trying to be all things to all people. In such cases, performance is generally below the industry average in any market segment (Porter 1985). In a time of government budget cuts and shifting market priorities, it is reasonable to assume that some accounting programs will not survive if they consistently perform below the average of educational institutions. Moore (1997, 84) predicts that:

> Schools can survive either by becoming the cost leader or by becoming highly differentiated in quality and offerings. Without making a clear choice for either differentiation or cost leadership, schools will find themselves caught in the middle and so, likely bound for extinction.

## SYNERGY

Strategic synergy develops from the joint effects of several scope and/or resource deployment decisions (Hofer and Schendel 1978). An example of how synergy can influence the development of a program is the International M.B.A. degree offered jointly by the University of Utah and Brigham Young University. This program capitalizes on the unusually high percentage of students at these institutions who are fluent in a foreign language. The synergistic combination of high foreign-language fluency and strong accounting training have produced graduates who are in extremely high demand. Such a program would probably not be practical where these language skills are lacking in the student body.

Another example of synergy is the Masters of Professional Accountancy at DePaul University, which capitalizes on the liberal arts backgrounds of its students. Northwestern, the Wharton School and others capitalize on the work experience of their graduate students. Alverno College combines their accounting program with a unique assessment approach to provide graduates who possess strong communication and analytical skills. All of these programs create synergy by combining some unique resources in a way that results in a product stronger than if any of the resources were deployed in isolation.

We do not mean to imply that any of these programs is superior to another. We are merely suggesting that *before* faculty decide what reforms they want to make in accounting education and *before* they decide how they are going to respond to a 150-hour educational requirement, they should carefully decide how they can best serve their students and society with the resources they have.

## DESIGNING STRATEGIC CHANGE

### Step 6: State Your Mission

A formalized mission statement is essential at this point in the planning process. We stress "at this point" in the process because many institutions start out with a mission statement before they have carefully considered their potential scope, resource deployment, competitive advantage, and synergy strategies. The danger of this "backward" procedure is that the result will likely be the statement of a mission that may sound good but is impossible to achieve. The "right" mission objective can only be defined after careful consideration has been given to these other factors.

The AACSB's standards for accounting accreditation (AACSB 1991) require that the accounting unit mission statement must be consistent with the institution's mission. What is the mission of your university? For example, a small, liberal-arts university has an entirely different mission from that of a land-grant university.

The accounting accreditation standards also describe several elements that should be described in a mission statement and/or in an accounting program's educational objectives. These elements include degree program emphasis, student and constituent types, geographical orientation, and faculty priorities for teaching, intellectual contributions and professional service/interactions.

An example of the mission statement of an AACSB-accredited department of accounting is illustrated in figure 2. Regardless of whether your institution is AACSB accredited, the process of formalizing a mission statement is an important step in the strategic management cycle.

### Step 7: Design Your Product

Now that the market niche and mission have been defined, it is time to define the capabilities needed by your graduates to be recruited into and to succeed in that niche. Referring to Step 1, where you identified the specific requirements of the various potential market niches, now is the time to break out the White Paper (*Perspectives* 1989), the AECC's (1990a) first position statement , the recent IMA study (Siegel and Sorensen 1994), etc. (the Bedford Committee 1986; Nelson 1989; Deppe et al. 1991; Benke 1995). This is also where a faculty advisory board, consisting of representatives selected from your customers, can be an important source of input regarding the skills and qualities your graduates should possess. In any case, just as an automobile manufacturer should perform a market study to determine what features a certain class of customers wants in a new car, you need to specify the specific skills and knowledge desired in your graduates by your customers *in the specific*

**FIGURE 2**
**Sample Mission Statement**

The mission of the School of Accountancy at XXX University[a] is excellence in accounting education through teaching, research and service. The school endeavors to provide high quality accounting preparation for professional careers to students, to intellectually contribute to the field of accounting through the dissemination of meaningful research, and to render service.

The primary mission is to provide high quality accounting preparation for professional careers in industry, public accounting, and other organizations. The undergraduate program is devoted to providing basic conceptual accounting and business knowledge along with general education as a well-rounded foundation for career development. The graduate programs provide greater breadth and depth in accounting, taxation, information systems, and management to develop a high level of understanding, skill, and leadership capability to enter professional accountancy and related business careers.

Intellectual contributions in the field of accounting are secondary, but fundamental, to the mission of the School. These include the dissemination, through reputable outlets, of the results of accounting research, descriptive accounting narratives, and instructional methodologies. The School seeks to address significant issues in accounting and related areas. Of particular interest are contemporary problems faced by the accounting profession, accounting education, and management.

Third, but also fundamental to the mission of the School, is service to the University, the accounting profession, and society in general. Service is provided through leadership in professional organizations, participation in professional seminars, sponsoring student organizations, offering extension programs, and helping to solve real business problems through consulting activities.

In all its endeavors, the School of Accountancy is dedicated to fostering economic and social progress, and to developing students as responsible and ethical citizens who will actively contribute to their profession and to society.

[a] This sample mission statement is adapted from an actual school of accountancy's draft mission statement, prepared as part of the process of AACSB accreditation under the "new" standards.

*niche(s) you have selected in Step 5* (developing your strategy).

It is critical that you carefully cater to the specific needs and wishes of the customer(s) in your defined market niche. Don't assume you know what's best for your customers. A typical attitude in academia is, "The customers don't realize what they're asking for. We're the experts; we know what they really need better than they do." (Isn't that type of condescending attitude reminiscent of Detroit in the 1960s? We may learn a lesson from how well it worked for them.)

Write out a description of what you want your finished product to look like; the specific capabilities, skills and knowledge you want your graduates to have in order to make them a "cut above" the graduates of other programs competing in that market niche.

### Step 8: Design Your Production Process

Finally, you are ready to work on curriculum design, delivery methods, etc. Unfortunately, many schools try to jump on the AECC bandwagon and start with this step. But it is likely their efforts will be piecemeal and ineffectual unless the changes are provided with strategic direction and momentum from the previous steps. The AECC's thrust for classroom and curricular change is necessary, but not sufficient, for achieving desired outcomes.

Discussions on curriculum change sometimes degenerate into making a list of new course names and numbers, then trying to shove all the same, old topics into them in a new sequential order with no real, substantive change in what will be covered and how. (A picture comes to mind of automobile engineers in the 1960s trying to figure out how to produce a sporty, fuel-efficient, economical car with a 450 cubic inch engine.) Some of us still don't seem to get it: the paradigm doesn't work anymore.

Likewise, discussions on the 150-hour requirement often center around "what accounting courses we can put into the additional 30 hours to make our program bigger and more powerful." This is the equivalent of a manufacturing enterprise getting excited about the prospect of increasing the production cycle time and decreasing the throughput rate in order to put more features—which the customers don't even want—into the product. Too often, accounting faculty ignore the fact that many of their customers are calling for more breadth through increased liberal education courses, not additional specialized, technical, accounting training. In fact, some have questioned whether any of the additional 30 hours should even be in accounting (Nelson 1995, 73).

Thus, too often, the changes we discuss are not the changes that our market is really demanding. But educators seemingly say, "Who cares about the market? We know what's best." Like Detroit, some of us will probably not wake up until the "foreign competition" has dried up our market.[10]

In implementing this step, it is imperative that each skill and area of knowledge be specifically taught in the program. The accounting faculty does not necessarily need to directly teach all these skills. However, many accounting faculty should develop and learn to include in their teaching better interpersonal, group, communication and critical thinking skills. Again, this is a very uncomfortable prospect for most accounting faculties, because the skills and attributes that our customers demand are often things we are not qualified (or at best are only marginally qualified) to teach. That means we have to go through the same painful process that we require of our students—learning! Most of us could also benefit from the study of educational methods and learning theory.

In designing the curriculum, it is important to again ask some very hard questions relating to the needs of the market segment. For example, does your chosen market segment care about the 150-hours? If not, it doesn't make a lot of sense to dilute

[10] In this case, liberal arts colleges seem to be likely "foreign competition" since the good liberal arts colleges are turning out graduates that are more likely to be successful accountants than are some of the very technically oriented accounting programs.

your finite resources by starting up a Master's degree or other 150-hour program. Also, what is your motivation to seek accreditation? Do the purchasers of your product care about accreditation? (Do they even know whether you are accredited?) If not, why spend scarce time and money resources on seeking or renewing accreditation? Instead, put those resources to work accomplishing your chosen mission. In other words, make strategic decisions based on mission-based strategies, not on emotion. If the Big 6 no longer recruit at your school, and you have chosen another market niche, don't worry about the *Perspectives* (1989) White Paper; instead, focus on the Siegel and Sorensen (1994) report or on the specific needs of whatever market niche you have chosen. Spend your resources to differentiate your product as the best in *that* niche.

## STRATEGIC CONTROL

Strategic management includes not only strategic planning, but also strategic control. Plans may not be accomplished unless controls are effective (Digman 1986, 11). We suggest two basic steps under strategic control.

### Step 9: Implement Change

For implementation to be successful, key faculty and administrators must be supportive and active in the change process. One way of getting these individuals involved is to seek their input early in the strategic-planning process, well before actual implementation occurs. It is important to find the reasons why key players may be resistant to proposed changes, and to actively address their concerns early on, so their support will be present during the implementation phase.

### Step 10: Monitor Outcomes

The last step is to implement a strategic information system to provide feedback on (1) whether the strategic plans are being properly implemented as planned, and (2) whether the strategy is yielding the intended results (Digman 1986, 13). Essentially, this step involves measuring the capabilities of your graduating students and comparing them to the parameters defined in Step 7 (the capabilities desired by the customers in your market segment), to ensure that the objectives of the program (imparting those capabilities) are being met. In other words, is your product satisfying the customers?

How can you measure whether your graduating students possess the capabilities identified in Step 7? Can your system identify where they are deficient, so that ongoing changes can quickly be made to correct them? In what areas are they superior? How can you advertise this information to your customers?

Outcomes assessment has received increasing attention in the literature in recent years (Frederickson and Pratt 1995), partially as a result of the new AACSB accreditation standards, which require programs to "prove" they are meeting their stated missions. Herring and Izard (1992) argued that accounting programs should contain specific mechanisms for continually assessing outcomes to ensure that the objectives are being achieved. The AAA (1993) *Outcomes Assessment Committee* asserted that the overall goal of accounting programs should be to measurably improve the students' capabilities in the areas defined in the planned and specified objectives, during the college experience. An excellent source reference for outcomes assessment is the AECC's (1995) publication, *Assessment for the New Curriculum.*

In addition to direct measures of product quality, benchmarks and measures of other, indirect factors are also useful. For example, external relations, faculty development, teaching quality, etc., affect product quality over time. Additionally, if your school's mission encompasses aspects in addition to teaching, your strategic information system must also incorporate performance measures and benchmarks on these other strategic goals (i.e., research productivity, service, etc.).

A fundamental purpose of monitoring outcomes is to provide input into the next strategic cycle. The circular design of the model depicted in figure 1 implies that the strategic model is an ongoing process. Thus, the ten steps must be repeated continuously.

Appendix A presents a questionnaire that can help guide faculty through the ten steps of the strategic change process, addressing important strategic considerations.

## CONCLUSION

Most accounting educators recognize that three significant external factors outside their immediate control are influencing their behavior. If they are honest with themselves, they will concede that (1) the 150-hour educational requirement will be a reality by the year 2000; (2) dramatic changes are taking place in the accounting, economic and business worlds that require different skills of graduates than those traditional accounting programs are designed to help students develop, and (3) the new AACSB accreditation standards require very different, mission-based competencies than did the previous standards. Although the 150-hour law, the "AECC movement," and the new accreditation standards are independent, they become interrelated and confounded in their effects on curriculum change.

Certainly, these three environmental factors have at least one thing in common: they combine to provide a unique window of opportunity for change. Whether this opportunity is capitalized upon or squandered is up to accounting educators. Those institutions which creatively and candidly consider the strategic alternatives will position themselves as successful players in the evolving market. Those which continue to rely on tradition will find themselves losing market share.

While the supply of accounting graduates has remained constant for the last ten years, the demand for those graduates in the public accounting market segment has dropped sharply. Unless accounting educators redefine their missions and explore new markets, some programs may well face extinction.

We have suggested that faculty of accounting departments and schools should talk candidly and openly about some very difficult issues. For example, we have suggested that the CPA tail should no longer wag the dog and that some institutions should seriously consider exiting this market segment. We believe that the CPA market is maturing and that the number of suppliers must and will decrease, while the costs of serving that market will rise. Concurrently, we have suggested that tremendous opportunities exist for exploitation of other, largely ignored, market segments, with new "products."

A limitation of our model is that it is incomplete because it highlights curriculum strategies and does not focus on other dimensions of many higher education institutions, such as research and service activities. Any complete strategic plan should include all elements of the institution's mission.

Based on the strategic management literature, we have outlined a sequential process which may be used by accounting schools and departments to successfully manage the inevitable changes. After carefully studying the potential markets for your graduates, evaluating the characteristics of your students, evaluating your resources, and studying your competition, we have recommended selecting a market niche. This selection process can be very difficult and even painful, because it may require a departure from tradition or imply a change in perceived prestige. However, we believe this step is crucial to success. External forces are making it unfeasible for every institution to adequately serve every market. We posit that each institution should select a niche or niches based on its ability to be the low-cost provider, be unique in a valued dimension, exclude other segments, and/or develop synergy in that niche. Only after selecting a niche should you state your mission, specify targeted educational outcomes, and redesign your curriculum and pedagogy. Finally, you will be ready to implement change and monitor outcomes in preparation for the next strategic cycle.

There seems to be little doubt that most institutions will see significant changes in accounting education over the next decade. We believe that by carefully following the market-based strategic model outlined here, accounting educators can assure that their changes will be effective.

## APPENDIX A
## Strategic Change Questionnaire

1. **Study your potential markets.**
   What potential markets segments exist for our graduates?
   - nonpublic accounting job markets
   - preparation markets for transfers to other institutions

   Are there any new or emerging market segments we have not previously considered or serviced?

   What are the unique, specific needs of each market segment?

2. **Evaluate your raw materials.**
   What are the characteristics of our current students?
   - quality
   - age distribution
   - ethnic composition
   - mobility
   - number transferring to and from other institutions
   - work experience
   - maturity
   - outside work demands
   - family demands

- language skills
- prior levels of soft skills

Can we recruit students with different characteristics (i.e., higher quality, broader education, etc.)?

3. **Evaluate your resources.**
What are the strengths and weaknesses of our faculty?

What sort of balance do they have in terms of teaching and research skills?

Are the faculty qualified and able to teach "soft skills" as well as technical knowledge?

To what extent does our tenure, promotion and retention document (and the accompanying inter-departmental politics) allow our faculty to pursue various teaching methods and innovative classroom techniques without fear?

How broad are the faculty interests and how diverse are the areas of specialization?

What proportion of the faculty are professionally certified? In what areas?

How many faculty members possess recent relevant experiences? In what fields and specialties are these experiences?

To what extent do we use adjunct faculty? Are good adjuncts readily available?

What is the depth and functional expertise of our faculty?

How many programs do we currently offer and how thinly are we spread?

Which programs are our strongest?

What is our teaching load?

How strong are current and anticipated pressures for increased teaching loads at our institution?

What are the prospects for additional funding to support new or expanded programs?

Are there other strong colleges or departments at the university with which we can develop symbiotic relationships?

How extensive are the computer facilities?

How available are the computer facilities to students? To faculty?

How extensive is the library? Where is the library located?

Are other research tools like NAARS and LEXIS available and easily accessible by students? By faculty?

How do the goals of our department relate to those of the institution of which we are a part?

Where is our school located? Is it a commuter campus located in a large city, or is it a traditional, residence campus in a relatively small city?

4. **Study your competition.**
Who are our competitors? (Do not limit to traditional, regional rivals.)

Are our students in competition with each other for jobs, or with graduates of other programs? Which programs?

What are the strengths of our competition, and what are their weaknesses we can exploit?

5. **Develop your strategy (select a market niche).**
   In what market segment(s) can we become the low-cost provider?

   Are we strategically best situated to produce an "end product" or to be a supplier of partially finished "raw materials" to another "manufacturer?"

   How many of our university's graduates transfer to other institutions to pursue professional degrees in medicine, law, architecture, etc.?

   Realistically, can we be competitive in the public accounting market? Should we abandon the CPA market segment altogether?

   Should we specialize in another market segment, such as para-professional, industry, government, or transfers to other schools' graduate programs?

   What do we or can we offer that is unusual or unique?

   Is our market local, regional, national or international? In what region of the country are our graduates typically placed?

   Are we in an area where most of our students place locally, or do significant numbers of them leave the area?

   What types of jobs do our graduates take after graduation (industry, government, public accounting, etc.)?

   Do all our students enter the job market, or do (or could) they go on for advanced degrees at some other institution?

   Should we pursue a strategy of cost leadership, differentiation and/or focus?

   How can we best serve our students and society with the resources we have?

6. **State your mission.**
   What is the mission of our university? Of our college?

   Considering steps 1–5 and also the missions of the university and college, what is our mission? (Beware of platitudes that sound good but are unrealistic or impossible to achieve.)

7. **Design your product.**
   What do our targeted customers want? What specific capabilities are needed by our graduates in order to be recruited and succeed in our niche(s)? (Consider using an Advisory Board to help define.)

   What do we want our finished product to look like? What specific skills and knowledge do we want our graduates to have in order to make them a "cut above" the graduates of other programs in our market niche?

8. **Design your production process.**
   How can we design into our curriculum those processes that will ensure our graduates will be a "cut above" the graduates of other programs in our market niche?

   How can we specifically teach each needed skill and area of knowledge in the program? Do we need faculty training on teaching "soft" (interpersonal, group, communication and critical thinking) skills? Do we need training on educational methods and learning theory?

   In what ways should we modify our teaching methods (Socratic method, cases, cooperative learning, critical thinking, etc.)?

   Do we need a Masters' program? What is our motivation for seeking a Masters' program? Does our chosen market segment require 150 hours? Does it even care about 150 hours? If not, why spend scarce time and money resources on starting or maintaining a Masters' program?

Do we need AACSB accreditation? What is our motivation to seek accreditation? Do the purchasers of our product care about accreditation? Do they even know whether we are accredited? Do they even know what accreditation is? If not, why spend scarce time and money resources on seeking or renewing accreditation?

9. **Implement change.**
How can we get every faculty member to work toward goal congruence in the change process? How can we get everyone to agree on and implement the chosen strategic direction?

How can we minimize "turf wars" and other dysfunctional behavior?

10. **Monitor outcomes.**
Does our information system give us appropriate feedback about the degree to which our strategic plans are being implemented?

Does our information system give us feedback about how well our implemented strategies are achieving intended results?

How can we know whether our graduating students possess the capabilities identified in Step 7?

Does our product satisfy our customers?

How can we know where our graduates are deficient, so that ongoing changes can quickly be made to correct them?

In what areas are they superior? How can we advertise this information to our customers?

## APPENDIX B
## Abridged History of the Three Catalysts for Change

The following summary histories of the three factors influencing and motivating change in accounting education is provided to assist in clarifying and differentiating them. None of these factors suddenly sprang into existence from nowhere. An accurate understanding of why change is needed is a prerequisite to understanding which types of changes are strategically applicable to each institution (Nelson 1995; Langenderfer 1987).

1. **The "Accounting Education Change" Movement:**
**Focus: The *breadth* and *depth* of education for all accountants.**

**Early criticisms (1910s)**
Orientation of accounting courses toward the CPA exam. Cramming of pupils' minds with facts and rules. Vocationalism instead of analytical and conceptual thinking. Narrow, technical training.

**Ford and Carnegie Foundation Studies (1959) (See Langenderfer 1987, 310–312)**
Recommended a shift from technical training toward a more general, liberal education including more arts, humanities, physical science and social science.

**Canning Committee (AAA 1968)**
Emphasized that accounting educators need to develop analytical, logical and objective thinking skills, judgment, reasoning, communication skills and lifelong learning.

**Horizons Study (Roy and MacNeill 1967)**
Stressed the importance of a humanities background for professional accountants.

**Bedford Committee (AAA 1986)**
Examined accounting education and accounting practice since 1925 and concluded that in the ensuing 60 years, the profession had changed, but accounting education had not changed; it continued to teach students to memorize rules rather than to develop their abilities.

***Perspectives* White Paper (Big 8 1989)**
Alleged that graduates entering public accounting were deficient in interpersonal, communication and thinking skills, and in general and business knowledge.

**Accounting Education Change Commission (1990–91)**
Agreed with *Perspectives* and awarded grants to schools as a catalyst for curriculum and pedagogical changes in accounting programs. Urged decoupling academic studies from professional examination preparation, and increased emphasis on "learning to learn" rather than on "transfer of knowledge."

**Siegel and Sorensen Report (IMA/FEI 1994)**
Charged that current graduates entering industry were over-prepared on financial accounting, auditing and tax but under-prepared in cost and management accounting and general business. (Also reported that 150 hours was not needed by these employers.)

**2. The "150-Hour" Movement:**
**Focus: The *length* of education for CPAs.**

**McCrea and Kester (*Journal of Accountancy* 1936)**
"A course of training equal in intensiveness and extent to that of the law would seem to be a minimum requirement for the professional accountant....It is apparent that the minimum requirement may well be looked upon as a five-year course of study beyond graduation from the usual high-school course."

**Perry Commission (AICPA 1952) (See Langenderfer 1987, 312–313)**
Recommended that academic preparation for the profession require postgraduate academic training beyond the four-year program.

**Bailey Committee (AICPA 1959) (See Langenderfer 1987, 312–313)**
Postgraduate degree should be required as soon as possible. The committee's recommendations were adopted by the AICPA Council.

**Horizons Study (Roy and MacNeill 1967)**
Preparation for professional accounting should include graduate study.

**Beamer Committee (AICPA 1968, 1969)**
"At least five years of college study are needed to obtain the common body of knowledge for CPAs and should be the education requirement."

**Albers Task Force (AICPA 1977, 1988)**
Changed the language from five years to 150-semester-hours and recommended that a graduate degree requirement at the conclusion of the 150-hours should be explicitly stated.

**Anderson Committee (AICPA 1986) (See Langenderfer 1987, 323)**
Noted that prospects for 150-hour becoming a national requirement were highly uncertain and recommended direct involvement by the AICPA. This resulted in dropping the graduate degree requirement and putting the issue to vote.

**AICPA Membership Vote (1988)**

83 percent voted to require 150 semester hours of education as a condition for membership in the AICPA after the year 2000.

**Legislative Action (1989–present)**

At the present time, 37 jurisdictions of 54 in the U.S. have passed some form of 150-hour requirement.

**3. The Accounting Accreditation Movement:**
**Focus: The *quality* of accounting programs.**

**1976**

The AICPA concluded there was a need for separate accounting accreditation and decided to assume a significant role in the formulation of an accreditation process. Under the assumption that the AACSB would not be willing to establish an accreditation program for accounting programs, the AICPA explored with the AAA the development of a separate accreditation agency. The AAA initially declined to commit to joint sponsorship with the AICPA and other organizations.

**1977**

The AICPA decided to pursue the establishment of an accrediting agency on its own. The AAA then reversed its position and agreed to cosponsor with the AICPA. A "Committee of Six" was established with three members from each organization. At this point, the AACSB became concerned, claiming that separate accreditation was undesirable and unnecessary. The AACSB at first rejected, then agreed to, a joint effort with AICPA and AAA. At first, the AACSB's role was to be advisory, but over time, more and more requirements were added as conditions for the AACSB's cooperation.

**1978**

The AACSB "took over," insisting on setting standards, and deleting provisions for cooperation with the AAA and the AICPA. Although unhappy with this development, the Committee of Six decided to discontinue efforts to establish a separate agency and ceded the function to the AACSB. They did incorporate an Accounting Accreditation Council, but decided to not activate it unless the AACSB program proved unsatisfactory.

**1979**

The AACSB issued proposed standards for accounting accreditation.

**1980–1990**

The AACSB's "old standards" were in effect.

**1989–1990**

In response to criticisms of prescriptive, overly rigid accreditation standards, the AACSB's Accreditation Review Task Force used a zero-based approach to consider restructuring accounting accreditation.

**1991**

The AACSB adopted new, mission-linked accreditation standards.

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