

SPECIAL SECTION—IMA POSITION STATEMENT

Colleges Are Not Adequately Preparing Accounting Graduates for First Jobs, Say Corporate Executives

With college graduates desperately seeking their first job, universities are doing a less than adequate job preparing graduates for entry-level work as corporate accountants, according to a major research project released by the Institute of Management Accountants (IMA) and the Financial Executives Institute (FEI). [See Executive Summary, p. 26]

The findings of the report, *What Corporate America Wants in Entry-Level Accountants*, are the result of a survey of 2,700 corporate executives polled over a three-month period from a broad cross section of industries. The actual project began a year ago.

The report in its full detail with other views and analysis was released at a special session of the 1994 American Accounting Association's Annual Meeting in New York City.

Highlights of the findings are as follows:

- Executives feel graduates were ill prepared with the knowledge and skills required to perform entry-level work as management accountants in corporations.
- Nearly 60% of the corporate executives prefer job applicants who have a bachelor's degree, and about 20% would prefer to hire entry-level accountants who have a bachelor's degree that includes an internship program. Fewer than 3% prefer job applicants with a master's degree.
- University accounting programs do not emphasize the appropriate accounting knowledge and skills areas. For example, in areas rated most important by corporate executives, such as budgeting, product costing and asset management, graduates were underprepared. They were overprepared in the less important areas such as personal income taxes and external auditing.
- A gap exists between what employers want and what graduates have been taught.
- Executives say there is a difference

in the skills necessary for entry-level management accountants and entry-level public accountants.

"The survey says that current accounting education does not meet the needs of Corporate America," says Keith Bryant, Jr., Ph.D., CMA, national president of the IMA and associate dean of the School of Business at the University of Alabama at Birmingham. "While I am not surprised at the results, I believe they provide the opportunity for corporate executives and educators to work together through the IMA and FEI to change accounting education to better meet the needs of one of the major customers of college accounting education.

"For the IMA, one major objective of the study was to provide a sound basis for issuing a position statement on the appropriate length of academic education for people who begin their careers in the corporate environment instead of public accounting," says Bryant.

"The American Institute of Certified Public Accountants (AICPA) has a well-articulated position in support of a 150-hour educational requirement for future CPAs," says Bryant. "The IMA, however, has been relatively silent on the matter as it applies to entry-level management accountants. The academic community has responded to the voice of public accounting because it has been the most consistent, and sometimes only, employer voice heard on campus."

According to Bryant, college and university accounting programs traditionally have had a strong public accounting orientation. "During the last decade there has been a growing emphasis on 150-hour programs," notes Bryant.

"CPA firms, however, normally hire only about one-third of the accounting graduates each year," says Bryant. "Therefore, it is appropriate to ask if a 150-hour program is right for all accounting students or just for those en-

tering public accounting.

"As the world's largest organization of management accountants, the IMA feels an obligation to address the issue and speak for the other two-thirds and the organizations that hire them," says Bryant. "We believe the academic community will welcome an additional voice on campus."

Participants in the joint study were asked what educational background their companies prefer in entry-level management accountants. Sixty percent said a bachelor's degree. About 20% would prefer a bachelor's degree that includes an internship program. When asked if people interested in pursuing a career in management accounting should be encouraged to take 150 hours of college education rather than the 120-hour bachelor's degree program, 60% favored continuing education beyond the traditional 120-hour bachelor's degree. However, half of this group (30% of the total) recommended that the additional 30 hours be earned after beginning employment.

"There is no mandate for entry-level management accountants to complete a 150-hour educational program before beginning work," notes Bryant.

"The study results strongly indicate that hiring decisions rest more heavily on specific courses completed than on the number of credit hours earned," says Bryant.

"Therefore, the position of the IMA is that the appropriate preparation for entry-level management accountants is a 120-hour bachelor's degree program that recognizes the needs of the corporate employer," states Bryant. "The content and emphasis of the program are of critical importance.

"We strongly support additional hours of education after, rather than before, the entry-level accountant begins employment," says Bryant.

The executives surveyed were selected from the IMA and FEI membership and from CPAs in industry. ■