

How Does the New Generation of Accounting Majors Measure Up?

Observations from the Ivory Tower

By Carol A. Vance and William L. Stephens

Over the past 40 years of teaching accounting in the Florida university system, the authors have had the opportunity to work with many wonderful accounting students who have parlayed their educational experiences into becoming outstanding CPAs, captains of industry, leaders of their communities, and entrepreneurs. Professionals and other educators have often asked us: Are accounting students today different from the students 20 to 40 years ago? Are they as bright? Are they as prepared to enter the profession? Are they as dedicated? Up until the past 10 years or so, our answer was usually in the affirmative. When asked the same questions today, however, our response is instead one of great concern.

quality of the pool of students that the accounting profession will have to choose from in the future.

Obstacles to Finding Top Talent

The AICPA conducted a “Top Talent Study” in 2006 in order to determine how to best recruit and retain student talent in the profession. The discussion that follows will analyze some of the barriers to achieving that goal—problems that the authors feel are causing the current generation of students to fall short of those past. The opinions expressed are based on existing research in the field, qualitative interviews with a representative sample of 15 accountants in many of the most prestigious academic accounting programs in the United States, and the authors’ personal observations over an extended period of time. We have identified what we and a concerned cadre of other accounting professors around the country believe are significant forces that have led to a change in the talent pool entering the profession. We realize that some of the points we make may be controversial, but if that leads to open and honest discussion, then that may lead to ideas on how academia and the profession can better adapt to the changing demographics.

There are three primary factors that lead to our pessimistic assessment of the new crop of accounting students. The first and perhaps most pervasive factor concerns environmental and societal issues. The second factor is our belief that the profession has had a contributing role, albeit unintentionally.

(Continues on page 8)

We do believe that today’s students are better in several ways than they were in past years. For example, they are certainly more technologically savvy. Not only are they totally comfortable with computers, the Internet, and smartphones, they are also proficient with spreadsheets, databases, word processing programs, and accounting software packages. They are also much more aware of the importance of developing networking skills, of having a more extroverted personality, and of being more socially focused than accounting students from previous generations.

The authors believe the real problem facing the profession today is the possible lack of high-quality accounting majors to meet the future needs of the profession. We do not contend that the current generation of students lacks the intellectual ability to learn and be trained with the technical skills necessary to complete their accounting education and compete successfully in the professional workplace. We do contend, however, that the current generation often lacks the personal drive, commitment, focus, and work ethic that their predecessors had. Our concern is with the overall



(Continued from page 6)

The last factor relates to the increasing pressures within institutions of learning to acquiesce to the needs of this changing generation and for university administrators to shift from preparing students for careers to generating more graduates and increasing research productivity.

We also present some ideas on how to improve the situation. Some professors feel that we should adapt the education process to the less qualified and less driven students of today. Others believe that we should reject anyone with suboptimal motivation and substandard skills and accept a reduction in the population of qualified graduates. Our ideas lean more toward the “tough love” approach. But whatever the solutions may be, the academic community and the profession would be best served by addressing this problem in concert and in earnest.

Environmental and Societal Factors

Twenty years ago, most students knew how to study and what it took to learn. Most of them would read the assignments and prepare their homework before attending a class lecture. They understood that class meeting time was reserved for the professor to explain the most difficult materials while facilitating thought-provoking discussions and answering questions the students could not resolve on their own. Students were much more likely to come to class prepared and would take great pride and personal responsibility for their in-class performance.

Henry Bauer, a professor of chemistry and science, wrote about this issue in “The New Generations: Students Who Don’t Study,” a report based on existing literature and his own teaching experiences. He concluded the following:

- An increasing number of college students do not take their studying seriously.
- Students expect grades without working for them, increasingly having a “Gimme!” attitude.
- With rare exceptions, educational administrators have not acknowledged these circumstances.

He concludes, “The failings that I draw attention to, which reflect the characteristics of a large and increasing proportion

of students, are surely not a simple fault of these students. We are facing a new cultural phenomenon” (www.bus.lsu.edu/accounting/faculty/lcrumbley/study.htm). In essence, today’s generation is quite different from those of the past.

The new generations. The Human Capital Center of the AICPA has designed a variety of resources for CPA firms in recruiting, staffing, and retaining the best candidates for the expanding accounting profession as part of its Toolbox series. One item in the series, “Generational Issues,” looks at four generations of workers whose cultural and belief systems interact and often conflict within the workplace. It then relates these four generations to Abraham Maslow’s “hierarchy of needs” (see www.aicpa.org/InterestAreas/PrivateCompaniesPracticeSection/Resources/HumanCapitalCenter/DownloadableDocuments/2254A378_PCPS_HC_Generational.pdf).

The vast majority of students in and entering colleges and universities today come from the last two generations—the Generation Xers and the Millennials. “Generational Issues” claims that today’s students have already reached Maslow’s highest levels on the hierarchy of needs, self-actualization and esteem, where they are described as having a need to be “authentic and aware of their inner selves, to transcend their cultural conditioning and, to discover their callings or destinies and to appreciate beauty and other good things in nature and life.”

This description of these two generations explains the problems we face in the classroom. From our observations, students seem to have a strong sense of entitlement that is likely the result of the over-indulgent teachers and parents who have promoted the idea that no child should ever fail.

Although teachers, parents, and students might like to consider these self-actualizing needs paramount, it is highly doubtful that the competitive academic accounting community and CPA firms place these same needs very high on their list of desirable qualities of new majors or young accounting professionals. It is also unclear whether these students, who were born into the self-actualization level of Maslow’s hierarchy, will be able to sustain

that success into adulthood when no longer receiving their parents’ financial support.

Entitlement mentality. Today many students feel that their individual learning problems lie with the professor and not themselves, and that mere attendance entitles them to a good grade and matriculation through the program. This entitlement mentality begins before students enter accounting classes. In many school systems, the self-esteem philosophy is now ingrained from kindergarten. The practice of educators seeking to avoid conflict and enhance student self-esteem at all costs seems to have damaged students’ ability to function in today’s competitive world. Primary schools have avoided having any children understand that they have lost, that they have failed, or that they cannot compete with their peers. These agendas have ignored the competitive skill sets, personal responsibility, drive, and ambition that make students exemplary accounting majors and professionals.

High-school students have become accustomed to receiving good grades with very little effort. When entering college, they are often unprepared to succeed in majors like accounting that still have high standards and require a great deal of work. Many of them have never really learned how to study on their own, and they have not developed a strong learning work ethic. Once they experience the mediocrity of their performance in a challenging program such as accounting, many often change majors to something less rigorous and demanding. Many others who stay and succeed in the major still carry these attitudes into the workplace, where they often are unwilling to work long hours or to learn on their own.

Parental impact. While the authors do place a great deal of blame on the public education system, evidence also points to a laissez-faire home environment where parents become enablers of their children’s lack of work ethic. Parents have failed to put quality time into their children’s education, relegating the complete responsibility to educators. They too often seem willing to accept high grades as substitutes for learning, at a time when “A” grades have become the rule, not the exception, and few students are allowed to fail.

Charles Murray's book, *Real Education: Four Simple Truths for Bringing America's Schools Back to Reality* (Crown Publishing, 2008), presents four theses: 1) Ability varies, 2) half of children are below average, 3) too many people are going to college, and 4) our future depends on how we educate the academically gifted.

When some students do fail to measure up to acceptable standards, parents often blame the system rather than accepting any responsibility for their child's lack of effort or ability. Far too many students enter college expecting to maintain the easy lifestyle to which they have become accustomed. They feel entitled to a successful college experience, a successful career, and the commensurate financial rewards, but have been brought up to believe they should not have to work to develop the skills needed to achieve and sustain such success.

Lack of motivation. As part of the AICPA's "Top Talent Study," partners of CPA firms surveyed their most talented non-partner employees concerning the primary factors they considered in joining and staying with their firm. Yet when asked what it would take for them to take on more responsibilities or work harder, only 20% of those surveyed indicated that they were self-motivated and would not need an external incentive. While these results relate to a stage beyond the college classroom, this attitude is increasingly representative of a growing number of accounting students.

Today's students seem far less interested in conceptual issues. They are often only interested in knowing the answer rather than understanding how or why one arrives at it. As a result, they devote little time to conceptual issues when prepar-

ing for tests, which has an impact on their scores. This makes it more difficult to learn subsequent topics in later courses and affects their professional careers, which depend upon an understanding of these fundamental concepts.

In addition, many of today's students do not appear to be affected by poor grades. Instead of being dismayed, embarrassed, or angry, they often simply shrug it off, hoping final grades will be on a curve or planning to retake the course with an "easier" teacher.

The authors' experiences and discussions with accounting educators around the country lead us to conclude that past generations were much more likely to accept the challenge of the accounting curriculum. The time required to do well in class was whatever time it took to completely learn and understand the materials and to ade-

We Value Assets in a Different Light

Successful companies take advantage of the opportunities that changing times present. But growing companies often face financial issues in times of change. It takes a knowledgeable eye to see beyond fixed formulas or capital ratios to fully comprehend the complex financial needs of businesses. For over 70 years, mid-size and large businesses have relied on Rosenthal & Rosenthal to provide timely asset-based financing for growth. Business owners and managers have access to the key decision makers at Rosenthal, which enables them to obtain quick and informed responses to their most pressing business needs.

Senior Secured Credit Facilities—Precious Metal Leases—Specialty Lending
Acquisition Financing—Letters of Credit



Rosenthal & Rosenthal

NEW YORK LOS ANGELES SHANGHAI

For a confidential consultation, please contact Robert Martucci:
212 356-0958 or rmartucci@rosenthalinc.com

ROSENTHALINC.COM



quately display this knowledge in testing situations. Students from yesteryear often seemed to be more highly motivated to do a job well for the sheer satisfaction of completing a goal. Today's students seem to have set a finite amount of time to spend on each class, as if they know in advance how long it "should take" to get a good grade. When told that successful students

courses taught at most junior and community colleges are simply not rigorous enough to prepare students for the academic challenges they face in the gateway courses of the accounting major. We realize that these institutions have an important mission to provide an associate's degree to every student who enters their doors. Unfortunately, this mission cannot be achieved while also ade-

schools, both with and without the cooperation of professional societies. It developed numerous personal relationships with high-school guidance counselors and teachers and gave financial aid to high-achieving students. Although the efforts to gain access and exposure before a high-school audience were quite successful, they never resulted in an improvement in the quality of students entering accounting at the college level. Many of the students identified as having great potential were simply not successful in the accounting major.

Our school came to the conclusion that the greatest opportunity for successful recruiting efforts comes after students have entered the university and, especially, after they have begun their first introductory accounting course. While this approach is at odds with some current academic and professional doctrine, our experiences highlight the need to reconsider when and how we should be recruiting the best students.

Misleading messages. In recent decades, the large accounting firms have established a variety of initiatives to reduce turnover that have focused on offering better life balance for all firm members. The problem with this approach is twofold: 1) Firms did too good a job convincing students that their life could indeed be as balanced as they unrealistically hoped it would be, and 2) firms were usually unable to deliver the balance that they promised. Rather than being honest when discussing careers with students, discussion of future experiences was so sugar-coated that an expectation gap developed. Entry-level accountants are often surprised and dismayed by the hours, schedules, and workload expectations that are far different from what is promised. Their subsequent early exits might have happened anyway, but in this environment they can become much more fractious.

Recruiters have failed to explain that life-balance perks, such as a flexible work schedule, job sharing, and telecommuting, are usually reserved for senior managers and partners who have already proved themselves. Consequently, well-intentioned changes can actually backfire. Many recruits from this generation have come to expect limited overtime and more personal days before commencing employment. The

Students from yesteryear often seemed to be more highly motivated to do a job well for the sheer satisfaction of completing a goal.

typically require 15 to 20 hours of study time to do well on tests, most ignore this advice, study much less than that, and are surprised at their low grades.

Working through college. Part of this lack of preparation and willingness to do whatever it takes may simply be attributed to a lack of time. At many universities, a high percentage of students are working their way through school, holding down part-time or full-time jobs. For many of them, it is the only way they can afford an education. For others, it is the only way to maintain a desired lifestyle. Today, college is often seen as an inconvenience in a life filled with work and off-campus engagements.

Working students also often have an unreasonable expectation for graduation, thinking they can also manage to be full-time students. They sometimes take an excessive number of courses each semester. As a result, many otherwise terrific students simply do not have enough time in their lives to do very well in accounting, and they merely scrape by.

Quality of junior and community college education. One last societal factor that influences the pool of students in the accounting major is the quality of junior and community college education. Accounting

quately preparing students for the rigorous accounting major.

Coupled with this problem are the articulation agreements that many states have between junior and senior institutions. Such agreements require that if courses taken at a junior college have substantially the same coverage as one offered at the senior institution, the senior institution must accept that course credit and cannot require the student to repeat it. Many potentially high-level students drop out of accounting after doing poorly in gateway courses due to an insufficient foundation from their junior college education.

Professional Factors

Unsuccessful connections with high schools. The profession has undertaken, at the national, state, and local levels, recruitment campaigns attempting to attract the best students directly from high schools, using innovative Internet delivery systems, classroom presentations, and financial assistance. Although the efforts have been impressive and may ultimately produce great results, many of us have yet to see any tangible outcomes.

As a part of this effort, the authors' university made several attempts over a period of years to connect with local high

authors suspect that even were these benefits granted, turnover of young staff would remain higher than in past decades.

There are some limitations with the AICPA's "Top Talent Study" that make its results less helpful to the present inquiry. This is because the study, by design, excluded accountants who had left the field or were unhappy with their experiences. Data were collected only from those who had persevered and climbed the career ladder. A more balanced study would also include exit surveys of accountants who entered the profession but decided to leave early in their careers. We suspect that many of them became disillusioned with the long hours and lack of life balance.

In 2000, the AICPA developed the Core Competency Framework to aid the academic community in course preparation and content. While the framework includes an entire section for personal competencies, behavioral drive and self-motivation were not included. In fact no personality traits that promote great job performance (as the social scientific community would define them) were addressed. Clearly, personal drive and self-motivation are critical qualities for students if they are to excel both in the classroom and in the workplace. As Jack Welch points out in his book, *Winning* (HarperBusiness, 2005), employers love "can-do" employees who jump in and get the job done; the CPAs who do this rise to the partner level and are driven to learn new skills and accept new responsibilities.

Academic Factors

Lower standards. Universities often lower their standards to accommodate this generation of students, resulting in rampant grade inflation and a tremendous pressure to "dumb down" coursework. Meeting basic educational requirements often becomes secondary under pressure to promote cultural diversity and ensure that students graduate in four years. Self-esteem is emphasized at the expense of educational and professional development.

Many students—and much of our society—feel they are entitled to the education of their choice, no matter what their skill level or intellectual capacity may be. Disciplines that are unwilling to compro-

mise are often looked upon as being insensitive to changing student demographics, contributing to high drop and failure rates, and reducing the universities' graduation rates. Many universities seem to be more concerned with how many students graduate or how quickly they graduate, than with what students have learned and can do after graduation.

Stanford University professor Thomas Sowell has taken serious issue with the term "cultural diversity," as it is currently practiced in the academic world and in American business. He claims that the only sense in which someone might promote cultural diversity is political and he argues that America has been racially and culturally diverse since its beginning. The movement toward diversity has mistakenly set its goal as equality of outcome, rather than equality of opportunity. He warns that no one can ensure a few individual out-

comes except by disadvantaging many others in the process.

The contribution of publishers. New editions of textbooks often appear dumbed down from previous editions. Sometimes the changes are subtle, but other times they are obvious: The most challenging problems are replaced with less challenging ones, or a deep discussion of a topic is replaced by a more superficial version. Obviously, the changes represent an effort to control the number of pages in the text, but oftentimes they are in response to faculty input concerning the level of difficulty that today's students can handle.

Publishers often develop products they contend are needed to help students. They offer an array of supplemental materials such as study guides, online tutorials, practice quizzes with feedback, real-life demos, question banks, audio lectures, and online and phone help desks. While all of these

Impress the Big Dogs

Nothing impresses management or clients like finding anomalies not previously detected.



Identify control and transaction issues before they become a problem for your organization or client with IDEA® – Data Analysis Software.

Access and analyze large volumes of data in seconds to:

- Identify errors and detect fraud
- Extend your auditing capabilities
- Meet documentation standards



IDEA is a registered trademark of CaseWare International Inc.

For a free demonstration CD of IDEA, contact us at audimation.com or call 888-641-2800.

materials might be beneficial if students used them to supplement or add to everything else they need to do, all too often these “fun ways to learn” simply replace the time that should be spent rereading the text and lecture notes and practicing the assigned homework so they understand the core principles.

The role of higher administration. Many universities have enjoyed great success by their graduates on the CPA exam and have subsequently gained national exposure for their academic programs. This reputation then assists in the recruitment of the best and the brightest to the accounting program. But many of these same universities have begun to discount the importance of that success, refocusing academic efforts on research rather than on teaching students. Producing citizens who can get meaningful jobs in respected professions is no longer paramount. Many administrators now prefer to see published research that can bring prestige to their university, but that will not be widely circulated or have immediate practical implications. Recognition as a Tier 1 research university, receiving Association to Advance Collegiate Schools of Business (AACSB) accreditation, developing nationally recognized doctoral programs, and gaining acceptance into the Association of American Universities (AAU) have taken precedence over quality professional education. As limited resources are reallocated toward enhancing a university’s reputation in the academic community, can that same university’s reputation in the business community be maintained as an outstanding teaching institution? Will a research emphasis be a competitive advantage or a detriment for a university in attracting top students into accounting?

Possible Solutions

In the authors’ opinion, the salient question is: Should we adapt the education process to the less qualified and less driven students of today? And if so, at what cost to the integrity of the accounting profession? Or do we rigidly reject students with substandard skills and acquiesce to a reduction in the population of qualified graduates for the profession to hire? Below, the authors offer several possible steps that

might be taken by parents, professors, and professionals.

Turn back the clock. Given the benefit of hindsight, it would be wonderful if we could go back 40 years and remold our public education system. There would be no tolerance for misbehavior or disrespect. There would be no social engineering or unearned promotions. Grades would be given on the basis of what has been learned rather than school statistics or parental pressure. Cheating would be harshly punished and rules would be based on moral principles. Teachers would be held accountable for their effectiveness; excellent teachers would be rewarded and poor teachers would be fired. Competition would be embraced, winning would be something to strive for, and mediocrity would be recog-

In the authors’ opinion, the salient question is: Should we adapt the education process to the less qualified and less driven students of today?

nized for what it is. Self-esteem would come from accomplishment rather than mere attendance. Capitalism would be embraced as a way to improve, advance, and succeed, rather than scorned for its potential fostering of greed and selfishness. A strong work ethic would be encouraged as the only righteous way to succeed in life.

But because none of these ideas is high on the list of goals for the academic community at the moment, the authors expect that change will not come from the inside out. But change could happen if universi-

ties, employers, and parents combined forces and approached school boards, community college trustees, individual schools, principals, and teachers to complain directly about their dissatisfaction with graduates. They would need to specify deficiencies in the way schools are run and help bring about change. The key is to exert continuous pressure from all directions and demand accountability.

Talent hunt. The authors believe that accounting educators should direct our attention in recruitment to incoming freshmen, junior college transfers, and students in the introductory accounting classes who have shown great potential. We should reach out to students who took Advanced Placement (AP) courses in high school. Not only are these students typically the brightest students; they are usually the hardest working as well. Focusing on students who have enrolled in university honors programs would also be useful.

In *The Lowering of Higher Education in America* by Jackson Toby (Praeger, 2009) and *Real Education* by Charles Murray, the authors give strong support for this approach. Murray points out that only 50% of high-school graduates have the intellectual capacity to succeed in a university-level curriculum. Toby’s research indicates that our economic resources in education would be best spent on students with a proven academic track record of success instead of the primarily needs-based criteria used in most student financial aid programs today.

For these students, we should develop recruitment programs they will want to attend, so the accounting program can be promoted before the students choose a major. This should be accompanied by follow-up calls, mentoring, and shadowing. For those who get an “A” in their first accounting course, we should recruit even harder.

The profession should also coordinate recruiting efforts in local high schools with national, state, and local professional societies. In order for these efforts to be effective, access must be granted to high achievers in AP and honors programs. It might also be worthwhile to first convince high-school students to go into the business field, even if it is not accounting. Once they get to college, recruiting might also in-

tially be a blend that emphasizes both business and accounting. Once they get into the college of business and perform well in their first accounting course, then more intensive recruitment to accounting will be more effective. Accounting has always been able to attract the cream of the crop in business, and the profession should expect to sustain this competitive advantage in this recessionary economic period.

Accounting curriculum. We believe that the academic community needs a plan to educate the new generation within the profession and needs to know how to better adapt to a changing workforce. Perhaps courses could be developed that cultivate the many behavioral qualities that are necessary for success in the major and career, such as leadership, commitment, loyalty, self-motivation, personal responsibility, creativity, and ethics. For those universities that have a close relationship with the professional community, building a strong advisory council that works closely with this group in planning for the future is key.

In addition, professors need to embrace new and creative educational devices that have been proved to be effective. We also need to avoid the latest in educational theories without a proven track record (the "new math" of this decade). Some educators in the past who were critical of debits and credits espoused a complete user approach to teaching, encouraging accounting professors to replace much of accounting education with finance and information systems.

Tough love. The authors advocate a tough love solution to this problem. No matter what pressures there are from above to limit the number of bad grades and withdrawals or to improve graduation rates, we should teach what needs to be taught, never dumb down a course to its audience, and let underperforming students fall where they may. If accounting enrollment declines and the population of CPAs decreases, the rules of supply and demand tell us that the wages for accounting professionals will increase. Eventually students who can and will do the work will enter the accounting major for the financial rewards and job security.

The brutal truth. Rather than touting the wonders of a "balanced lifestyle," recruiters need to tell it like it is—there are going to

be long hours, high expectations, and a great deal of pressure to succeed in a competitive environment. For many, but not all, the benefits may well be worth the costs. Firms should continue to develop ways to assure that young employees' experiences are good ones, but wary of recruits that seem more interested in vacation and personal time than the potential for advancement.

Finally, the accounting firms should differentiate themselves from other disciplines in business by raising the starting salaries offered to new CPAs. In recent years, starting salaries have become stagnant, which means that financial compensation can no longer be touted as a way to attract the best students to the profession.

Ensuring the Profession's Future

The academic community and the profession urgently need to address this problem in concert to ensure the long-term

integrity of the accounting profession. If our profession expects to retain its position among the most highly respected, we must demand that our students be highly motivated and qualified and obtain a technically challenging education.

The recession may be disguising the extent of the problem because plenty of excellent students are in need of a job and able to meet the current demands of the profession. Once the economy rebounds and the job market gets tighter, however, the problems associated with this new generation of students will become alarmingly more pronounced. □

Carol A. Vance, CPA, JD, is a visiting instructor and William L. Stephens, DBA, is a professor emeritus, both in the school of accountancy at the University of South Florida, Tampa, Fla.

Comply with Mandatory Educational Requirements Earn up to 28 Credits CPE & CFP® Earn up to 18 Credits A & A 2010 LONG ISLAND TAX PROFESSIONALS SYMPOSIUM



Long Island's Premier Tax Event
NOVEMBER 17, 18 & 19, 2010

Crest Hollow Country Club - Woodbury, NY



- 50+ Key Tax-Related Sessions
- Updates on State and Federal Tax Laws
- Meet with Key IRS Officials
- IRS Problems Resolution Meetings
- Connect with Key Suppliers
- Resolution of QuickBooks Problems
- Network with Fellow Practicing Tax Professionals
- MP3 CDs of Available Sessions
- Exhibit Area with 40+ Key Vendors
- Exhibit Floor Cocktail Parties, Wednesday & Thursday
- Pre-loaded Flash Drive of Available Course Outlines

KEYNOTE SPEAKERS

DAVID R. WILLIAMS
IRS Executive Lead for Return Preparer Regulations

JACK TRACHTENBERG
Taxpayer Rights Advocate for the New York State Department of Taxation and Finance

Nassau/Suffolk Chapter (NCCPAP)

22 Jericho Turnpike, Suite 110 - Mineola, NY 11501 - (516) 997-9500

LITS@LITaxSymposium.org

More Details and Registration at WWW.LITPS.org

Reproduced with permission of the copyright owner. Further reproduction prohibited without permission.