

# New Schools of Accountancy – Necessary

This article presents arguments for separate programs or schools of accountancy as the best route to higher quality accounting education.



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Should a school of accountancy exist? The question can only be answered with another question: Does an honest need exist? To create a new organizational form merely to provide the faculty, or the department head, or for that matter, the profession with an ego-inflating mechanism would be foolish.

The need for schools of accountancy can only be determined by examining the objectives of a school of business, and the manner in which those objectives are being met in various institutions, and then examining the objectives of the proposed school of accountancy. If those objectives are the same, no need exists. If, on the other hand, a school of accountancy has objectives which are significantly different, the establishment of schools of accountancy becomes imperative.

The AICPA Board of Standards, chaired by Herbert Miller, has recommended accreditation of accounting programs by a newly-created board for that purpose. One can argue that separate schools and separate accreditation are simply two aspects of the same issue—providing high quality accounting education. If separate accreditation is necessary this must reflect some “uniqueness” about accounting programs.

The Board’s report included the following statement: “[a necessary condition of accounting education] . . . is a significant measure of autonomy for the administration of the professional accounting program in matters of budget and standards for admission, curriculum, faculty and support staff.” The Board has made significant progress in defining a set of proposed standards.

The basic question is whether the Board’s efforts, and the efforts of those who have already established schools of accounting, constitute progress or mistake.

The typical business school catalog speaks to a set of goals and objectives, which when stripped of

academic jargon, distill to three major thrusts:

1. Advancement of research.
2. Community and professional service.
3. Developing students to take their place as productive members of their chosen segment of society.

These objectives should be considered one by one. The issue is whether the arguments are sufficiently cogent to motivate and encourage those responsible to move in a direction which the writer believes is both desirable and inevitable.

## Advancement of Research

*Scholarly research* is an elusive term. Perhaps most of our colleagues across the street in the arts and sciences college would maintain that there is no such thing in the business school—in any department. When Dewing wrote his classic work on corporate policy he never once mentioned beta coefficients. Beckman pioneered in the field of marketing without ever doing regression analysis. Paton and Littleton materially advanced the field of accounting perhaps because they *did not* concern themselves with a functional theory of equilibrium in social systems.

In some respects, scholarly research in business is a series of fads. Some years back most Ph.D. students in accounting had economists on their dissertation committees. Later they were deposed by mathematicians, than by sociologists. On the other hand, there is much happening in business schools today which is both scholarly and good. But a professional school has a responsibility also for researching issues of a pragmatic nature. There are problems crying out for solution: general purchasing power adjustments à la FASB versus the SEC’s call for replacement values, expanded capitalization of leases, line of business



disclosure, full cost in extractive industries, inflation effect in reporting on multinationals. Not all these areas lend themselves to solution by means of sophisticated statistical techniques; some, by traditional academic standards, are mundane or pedestrian. Yet the profession needs answers, spends thousands of dollars on in-house research, and would welcome the academicians' attention to their concerns. Not only the questions and the answers, but the methodology of reaching the answers, must become part of the accounting students' educational process. This attitude is reflected in a statement recently made by a business school dean (who, incidentally, is not an accountant): Research is "... defined as an activity in one's profession which results in changes in educational content." He then added: "Research results which translate directly into educational content are highly valued; [those] ... which do not ... are valued substantially less."

The professional school is needed to provide an environment where such research can be encouraged and rewarded. The one-paragraph analysis of a new court case, which can save practitioners dozens of hours of research and their clients thousands of dollars, must be as highly regarded in the salary review process as the 73-page paper published by a bureau of research. A carefully drafted response to the FASB, never published, may well be more worthy of reward than an article in the *Accounting Review*.

When the surgeon prints three pictures and in one page says "I cut crosswise instead of up and down—less blood," the worth of the procedure is not subject to the judgment of a musicologist or a chemist. Attorneys evaluate attorneys, dentists evaluate dentists. One of the criteria for defining a profession according to any sociologist is peer evaluation of performance. When our colleagues and professional associates proclaim a person's work as good, it should not be necessary to explain the worth of the effort to marketing and real estate professors. The autonomy of a school of accountancy is critical to fostering the kind of research which is de-

manded by the accounting profession.

### Community and Professional Service

A second major thrust involves community service and professional relations. The well-established identity of CPAs as a profession should make it self-evident to any unbiased observer that the practitioners' interface with academe is best accomplished by the existence of a professional school. The attorneys hire from law schools, teach in law schools, sponsor research in law schools, cooperate in continuing education efforts with law schools, financially support law schools—not history or political science departments. Their interests, their problems, their sociopolitical concerns are at one with faculty and students associated with their profession. Accountants have a right to expect the same response from the university community.

Education for a profession is not simply a four or five-year interlude in a young person's life—it is a life-long process. Change for the accountant, as for the businessperson, often comes as the result of careful research and testing. But change for the accountant also comes in an instant—the result of legislative or administrative rulings: an FASB opinion, a Cost Accounting Standards Board ruling, a Tax Court decision. These matters must be brought quickly into the educational picture.

The professional school has a responsibility extending beyond the basic education program. Updates on new pronouncements, sophisticated mathematical techniques, new behavioral concepts and similar topics are areas in which the faculty of a school of accountancy can provide instruction to practitioners. This is not to say accounting firms' staff training programs will be entirely preempted by the universities. Firm-oriented routines and some practice-oriented problems probably will always be taught best with the firms.

Further, specialization in medicine, dentistry and most recently in law depend on the professional schools for training. Specialization in accounting is on the horizon. If

our universities are not to be displaced in these fields of education, an organizational structure must be formed which is capable of responding to emerging needs.

### Preparing the Student for a Career

The third goal is preparing the student for a career, and continuing to sustain him in that career through lifelong education.

One of the advantages of a school of accountancy is the sense of professional identification engendered in the student. A medical student is not just a kid studying medicine; the person is "my child, the doctor." The ethical standards, the *professional pride*, the whole set of values that make an accountant an accountant should not be part of the learning experience the first year on the job. These must be had the first day the accountant meets a client on an audit; the first time a report is carried into the executive committee. It cannot be taught in the classroom, *per se*. But it can be imbued in the student in a professional school environment. The lawyers and the doctors have demonstrated this point effectively.

The profession needs schools of accountancy with the capability of determining admission standards. Admittedly in some universities this may not be a problem, but in others it may well be. The public university bearing its legislated cross of "open enrollment," the private university under fiscal pressure, the state institution pushing its enrollment to qualify for increased appropriations may not perform much initial screening. Even when the job is well done, general aptitude tests may predict a good overall academic performance but it does not distinguish a potential accountant from an English major. Specific testing for admission is a matter to which at least some of us have given thought. Certainly testing is not a new idea for the AICPA; indeed, the proposed standards for accreditation speak specifically to that issue and the AICPA is now working with the Educational Testing Service to develop an appropriate instrument for admissions evaluation.

Admission to the professional

school, of course, requires commitment to a specific career track at some point in time. It is often argued that many good students are not willing to make such a specific commitment early in their academic life; therefore, the broader business school curriculum is more suitable. Similarly, the liberal arts professor will maintain that a decision to go to the business school should not be made until four years have been completed in the arts and sciences. Recent years have seen increasing numbers of high school graduates who want a year or two to "get their heads straight" before attending college at all.

Two points should be made. First, a significant number of students are ready to make career choices early in their academic programs. To keep that interest alive they should be given the opportunity. Second, establishment of a professional school should not mean students are limited to a single pattern of education. The excited sophomore, the senior in business who has seen the light, the MA in physics seeking a career change—all of them must be accommodated in the professional school.

### Curriculum Considerations

Of paramount interest to the profession is the need that a school of accountancy have the capability of designing its own curriculum. Proponents of professional schools do not advocate abandoning a sound foundation in business education for the accountant. There is no quarrel with the concept of a common body of knowledge. There may be differences as to how this is to be achieved, but those differences already exist among accredited business schools. Neither is there any protest over the need for liberal studies. Accounting faculties do express concern over the kinds of courses taken. A political science course dealing with American government is more useful than the politics of ancient Greece. A course in ethics is more practical than the religions of China, U.S. history more helpful than Pre-Columbian. The students' freedom of choice may be impaired by such faculty decisions, but their chances

of a successful career are enhanced.

Dean Firmin made this comment when speaking before the AAA in August 1975: "I should hope that the establishment of wise standards for curriculum accreditation which would reflect our appreciation for the breadth of knowledge an accountant needs to have in the liberal arts and sciences and in business would effectively prevent a narrowness and overspecialization that would not serve the accounting profession well."

The major differences of opinion seem to center on the limitations so often imposed by business school faculties on the depth of study in a major field. Accounting may not be more complex than management or marketing; but the breadth and the complexities of the practice of accountancy in this decade are such that 20 or even 30 semester hours will not adequately prepare the student to even enter the field, much less progress in the profession. The patient on the operating table, waiting to have a gall bladder removed, is not concerned that the surgeon had too many courses in making incisions. In like fashion, the business executive filing with the SEC wants the most competent accountant. And if the accountant had two courses in auditing while in school rather than one, so much the better.

The best education for accounting, or for any of the fields of business, requires a degree of flexibility that is too often lacking in present educational patterns. For example, the young accountant needs a course in marketing by the sophomore year in order to learn about accounting systems as a junior and have an appreciation of the requirements of a company's marketing group for data output. A study of ethics in the liberal arts college is best done just before an auditing course is taken and the Code of Ethics of our profession is addressed. And so it goes—no one scheme can be imposed on every program without significantly reducing the effectiveness of some.

For some specializations, even the common body of knowledge may be a meaningless requirement. Consider the student who is an AB in political science, a JD from an

accredited law school, admitted to the bar, and now wanting to enroll in a graduate tax program. A course in marketing may be an interesting interlude, but it will not enhance the attorney's capability to plead before the Tax Court.

Perhaps of greatest concern to the accounting educator is the explosion of knowledge in the field and the educators' frustration with attempting to "get it all in" the traditional four years. A fifth year of study is implicit in all proposals for a school of accountancy. Indeed, the AICPA Board on Standards report addresses itself only to five-year programs. Questions about the appropriateness of additional education and the incremental cost in time and money are not germane to the issue of whether professional schools should be established. Empirically, one can observe an ever-increasing number of masters-level students being hired by the major CPA firms and from that evidence can conclude that, in their best judgment, a fifth year is both desirable and economically worthwhile. What must be noted here is that the autonomy of a professional school faculty facilitates adaptation to whatever educational requirements emerge as necessary for the profession.

Similarly, it is not the purpose of this article to discuss perceived deficiencies in existing accounting curricula or to propose changes. Any academician who claims to have devised the ultimate curriculum is immediately suspect. As the profession changes, so must education for the profession change. Curriculum revision is a never-ending task for any faculty which strives for excellence. A school of accountancy provides the administrative structure which enables its faculty to affect change most efficiently.

### Faculty Selection

The matter of faculty selection is also due a few words at this point. Great emphasis is placed on full-time faculty with terminal degrees. The professor teaching Fiduciary Income Taxation in one program has a Ph.D. but he did not learn much in his doctoral program that helps in that course. An audit-

ing professor draws much more from experience with a Big Eight firm than from doctoral studies. A manager from the State Auditor's office is going to do a better job in a government accounting course than someone who is full-time and is trying to teach Hay and Mikesill, 5th edition, based on his memory of Hay and Mikesill, 3rd edition. It is not that terminal degrees are without merit; indeed, the capabilities brought to a program by a Ph.D. are most desirable. But practice may be more meaningful in some areas. On the other side of the

coin, one might question any new accreditation requirements which would attempt to force all the faculty into a narrowly defined experience or certification requirement. Every professional school needs varied kinds of backgrounds on its faculty. Of critical importance: aspiring professionals deserve to be taught by successful professionals.

Standards of admission, curriculum and faculty, as presently espoused by the American Association of Collegiate Schools of Business, are not necessarily the best criteria for judging the effectiveness

of a program in accountancy—whether housed in a school of business or in a school of accountancy. The mere existence of such standards is *not prima facie* evidence of their applicability to a field of study other than business management.

It is the writer's conviction that the needs of the accounting profession cry out for specialized education, that specialized programs require both administrative accommodation and separate accreditation, and that this development is inevitable.  $\Omega$

#### Free Enterprise

... we are today, as a nation, less willing to allow free competition to make necessary economic choices and far more willing to resolve those issues in the political arena, a trend accentuated by two other phenomena. First, we generally spend too little time trying to define a problem before we rush in with laws and regulations; second, we continue to share the conceit that we can draft a new law or two that will change the behavioral pattern of civilization. . . . —Excerpt from a speech by Roderick M. Hills, Chairman, Securities and Exchange Commission.

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