

© 1995 American Accounting Association
Accounting Horizons
Vol. 9 No. 4
December 1995
pp. 62-75

What's New about Accounting Education Change? An Historical Perspective on the Change Movement

Irvin T. Nelson

Irvin T. Nelson is Assistant Professor at Utah State University.

SYNOPSIS: The last decade has been filled with calls for change in accounting education. Practitioners and academics alike have criticized accounting education as being too narrow and too technical to properly prepare entrants for the rapidly changing and expanding profession. This paper reviews the history of accounting education in the United States and traces the origins of such calls for a broader, more liberal accounting education back to the inception of university programs in accounting near the turn of the century. The leaders of the early profession believed accounting required a wide range of knowledge and minds trained to think analytically and critically. However, accounting programs through the years have largely emphasized technical training and CPA exam preparation at the expense of the broad, liberal education that was intended by the founding practitioners who sponsored the first university schools of business.

Forward-looking accountants both in the profession and in academia have for many years been deeply disappointed with the narrow focus of accounting programs and with the rules-based, procedural approach of accounting courses. Early criticisms of accounting education sound remarkably similar to recent concerns. The intensity and urgency of current mandates for change may be a result of 90 years of frustration.

Factors inhibiting comprehensive, universal change in accounting education are identified. A pragmatic perspective on academic efforts to effect the types of changes needed is presented.

Key Words: *Accounting education, Change, 150-hour, Accounting history*

In recent years, accounting practitioners have issued impassioned calls for fundamental change in accounting education, with increased emphasis on developing communication, interpersonal and intellectual skills, and on broadening the knowledge base. These calls have been answered by the academic community with significant efforts to reinvent pedagogical techniques and restructure the curriculum to address the perceived deficiencies in accounting graduates. The American Accounting Association (AAA)'s Bedford report (1986), the largest national firms' well-known white paper (*Perspectives*), the recent study by the Institute of Management Accountants (IMA 1994), the creation, funding and statements of the Accounting Education Change

Commission (AECC), the creation and unprecedented growth of the Teaching and Curriculum Section of the AAA, the new accreditation requirements of the American Assembly of Collegiate Schools of Business (AACSB), the recent surge in growth of the Federation of Schools of Accountancy (FSA), and the 150-hour movement all evidence both the depth of the concerns and the magnitude of current efforts to address them. "Accounting Education Change" has become something of a buzz phrase in the last five years.

The author wishes to acknowledge the extremely valuable comments and suggestions received from Jay Smith, Tom Hubbard, Tom Balke, Robert Raymond, Tom Nelson, Finley Graves, the reviewers, and the editor.

*Submitted October 1994
Accepted June 1995*

Are these concerns with accounting education new, or is the current emphasis merely the most recent manifestation of issues which have existed for decades? The literature suggests that accounting practitioners have been calling for change in accounting education since the inception of university programs in accounting. A decade ago, Langenderfer (1987, 304) observed,

Accounting education hasn't fulfilled all the expectations of the leaders of the profession of 100 years ago or of its leaders today.

At the turn of the twentieth century, accounting as a profession was in its infancy in the United States. Legislation regulating public accounting was being introduced in state legislatures, the CPA qualifying examination was coming into use, and state societies of CPAs were beginning to form. One of the issues which aroused much controversy was the educational qualifications for certification, including both the degree requirement and the proficiencies to be tested by the qualifying examination.

At that time, according to accounting historians Previts and Merino (1979, 152), most CPAs held as a model of required entry capabilities the proficiencies tested by the preliminary examination then administered in Scotland. The Scottish examination included tests of writing ability; proficiency in arithmetic and algebra (including quadratic equations); knowledge of geography, Latin, and English history; and mastery of two fields chosen from foreign languages, higher math, and physical and natural sciences. With these objectives in mind, American practitioners began to promote the teaching of accounting in universities at a time when most university administrators felt that only the arts and sciences were proper subjects for higher education and that college education was neither necessary nor desirable for business careers (Previts and Merino 1979, 153). In many cases, accountants either financed directly or underwrote the first university business schools (Previts and Merino 1979, 155). Largely due to the efforts of accountants, business schools began to appear throughout the country. No sooner had accounting curricula begun to be accepted in

universities, however, than practitioners became dismayed by the narrow, technical focus of accounting programs. In summarizing their review of early accounting education, Previts and Merino (1979, 154–155) provide a fascinating insight into this period:

After securing acceptance for accounting curricula in universities, accountants began to advocate an expansion of university education to realize the goals of broader, more conceptual programs. Most practitioners considered mastery of the technical procedures of auditing and accounting to be most effectively learned through practical experience; education's role was to develop analytical ability. Accounting, they believed, required a wide range of knowledge and minds trained to think analytically and constructively. They supported a broad program emphasizing theory and philosophy and were disappointed when the evidence accumulated that accounting educators tended to emphasize the narrow, technical training.

It was the university accounting educators who moved from the theoretical approach and turned to procedural orientation...

The...accountants...believed in the concept of a broad, general and liberal education. The accounting educators...were influenced by John Dewey and his followers, who stressed practicality and relevance. Unfortunately, 'progressive' education became interpreted to mean a kind of vocationalism with little sympathy or use for so-called 'classical' subjects. (Practitioners were) deeply disappointed with the trends in the university business schools they had done so much to foster...

Despite practitioners' concerns, the trend away from a liberal education toward technical training continued throughout the 20th Century. As time passed, the magnitude and complexity of the required "common body of knowledge" expanded at an exponential rate. Income tax legislation was passed and the SEC was created. Regulation of the profession proliferated as the CAP's ARBs, the APB's opinions, and the FASB's statements promulgated ever-more technical and voluminous accounting rules. This "knowledge explosion" compounded a classic three-way educational dilemma: breadth of education vs. depth of learning vs. technical coverage (see Appendix).

Given a fixed number of credit hours available, educators in all fields have always

struggled to find a balance between these three dimensions. In actual practice, accounting academicians have historically favored technical coverage. They have felt an obligation to teach every technical aspect of accounting procedure. Subotnik (1987, 315) wrote,

(Educators) seem to feel responsible...for covering an ever-increasing body of accounting rules rather than developing a full understanding of underlying accounting principles, on which intelligent rule-making ultimately depend. Thus, at the end of an education in accounting, the student has an exposure to a wide array of seemingly isolated rules but lacks an overview of the purpose and the economically universal domain of accounting. Without this overview, a sound analysis of off-standard transactions is next to impossible.

As the common body of accounting knowledge expanded, educators responded by adding specialized accounting courses (Previts and Merino 1979, 154). Unfortunately, this further reduced the liberal education component in accounting programs, which practitioners had felt was too sparse from the beginning. Thus, the breadth of education was further narrowed. Depth was sacrificed, as well. Courses came to be used "as a funnel to pour information into a student" (Nelson 1989b, 47). As Keating and Jablonsky (1990, 62) observed,

The proliferation of statements of financial accounting standards has had the insidious effect of pushing the accounting curriculum in an ever more technical and ever less business-oriented direction. The curriculum has become devoted to teaching students the technical rules and conventions of conformance. More and more it concentrates on formal accounting rules, with correspondingly less focus on essential business and social issues.

THE CPA EXAMINATION

The historical influence of the Uniform CPA examination (CPA exam) on the accounting curriculum has fueled this paradigm. From the beginning, accounting academics have structured the curriculum to cover the subjects incorporated in the exam. Previts and Merino (1979, 154–155) documented:

After 1910, one specific issue, the ever increasing orientation of academic programs toward the CPA examination, aroused the

wrath of most of the national leadership. Some academicians joined with the institute in voicing criticism.... The debate continued into the 1920s; but... accounting curricula had repudiated conceptual approaches in favor of technique and procedure.

Langenderfer (1987, 308) claimed that emphasis on preparing for the CPA exam was one of the "hallmarks" of accounting education during the period from 1920 to 1960. Students expected to be able to pass the CPA exam upon graduation (or even before graduation). Schools began to compete against each other based on the "pass rate" of their graduates (AAA 1989, 172). As Williams (1991, 131) observed, the strong influence of the CPA exam on accounting curricula continues, today:

None of us can deny the enormous influence professional examinations, especially the CPA examination, has had on accounting education in the United States.

Many prestigious groups have criticized this situation and urged a decoupling of the CPA exam from the curriculum:

The CPA examination has become a significant influence on the overall accounting curriculum and on individual courses.... The Committee strongly believes that this influence has been, and continues to be, principally negative.... The Committee strongly believes that accounting education needs to be separated from sitting for the CPA examination (AAA 1989, 171–172).

Passing the CPA examination should not be the goal of accounting education. The focus should be on developing analytical and conceptual thinking—versus memorizing rapidly expanding professional standards (*Perspectives*, 8).

Accounting programs should not focus primarily on preparation for professional examinations (AECC 1990b, 309; see also AECC 1991).

Because the CPA exam fails to test critical-thinking, analysis, synthesis and professional judgment, motivation has existed for accounting educators to increase emphasis upon the memorization of accounting rules, rather than the theoretical concepts upon which the rules were based.

Typically, a problem facing the profession's practitioners is asserted (not argued), the official solution is explicated, journal entries and

sample financial statements illustrating the official solution are presented, and the students are then put through the hoops of numerical problems that test their capacity to apply the official solution to hypothetical situations... More often than not,... the official solution is not even subjected to evaluation or criticism (Zeff 1989, 204).

Likewise, because the CPA exam has generally failed to test writing and interpersonal skills, accounting professors have rarely required students to apply such skills in accounting courses.¹ Term papers disappeared in favor of more lectures and problems, while multiple-choice examinations gradually displaced essays. In addition to its pernicious effect on students' capabilities, this trend reinforced students' perceptions that "accountants work with numbers, not people," and there is "one right answer" to every accounting question.

(We) fail, by and large, to recognize the very existence of ambiguity as an element in accounting problems and solutions. The commercial world is full of transactions of remarkable originality and baffling complexity, but if you look at accounting textbooks you find virtually no illustrations, no homework problems, where solutions are not self-evident or fairly easily extrapolatable from the textbook material. The problem materials, in other words, are of a "cookbook" variety: there is always a "correct" answer. As a consequence, students can't and don't develop the requisite skills for dealing with situations involving any uncertainty... (Subotnik 1987, 315-316).

HOW FAR WE'VE STRAYED FROM A LIBERAL EDUCATION

The unfortunate consequence is that accounting students have become ever-more narrowly-educated. Graduates have become increasingly technically proficient, but less well-rounded in the tradition of a classical education. Communication, interpersonal, critical-thinking, and professional skills, as well as general knowledge of cultures, history, and the arts and sciences, have diminished. Additionally, the quantity of technical material covered has grown so voluminous that the depth of understanding regarding the issues and theories underlying memorized accounting rules has become very shallow.

The complexity and sheer volume of information (results in) a "mass production," "rote-memorization" type of educational experience—with little lasting effect... (Inman et al. 1989, 38).

Such technical cramming has never been the proper domain of a university education. More than six decades ago, Whitehead² observed,

The way in which a university should function in the preparation for an intellectual career, such as modern business or one of the older professions, is by prompting the imaginative consideration of the various general principles underlying that career...

But the temptation for rules-based, memorization-teaching is quite strong, and is not limited to the field of accounting. The following quote is adapted from a criticism of college-level math education:

All too often we focus on a narrow collection of well-defined tasks and train students to execute those tasks in a routine, if not algorithmic fashion. Then we test the students on tasks that are very close to the ones they have been taught. If they succeed on those problems, we and they congratulate each other on the fact that they have learned some powerful (accounting) techniques. In fact, they may be able to use such techniques mechanically while lacking some rudimentary thinking skills. To allow them, and ourselves, to believe that they "understand" (accounting) is deceptive and fraudulent (Shoenfeld 1982, 29).

The present state of affairs has prompted some to question whether accounting as it is presently taught, properly occupies a place in the university:

One can verily ask in the 1980s whether accounting is a proper subject for a university curriculum.... The subject is offered as if a tedious catalogue of practice were being inputted into computer memory. (Accounting is presented) as a collection of rules that are to

¹ In an encouraging move, the Board of Examiners of the AICPA adopted in 1991 a task force recommendation that the Uniform CPA Examination begin to test writing skills. Since the May 1994 administration, the writing skills grade has constituted five percent of the total possible points in each section of the exam (May and Menelaidis 1993).

² Alfred North Whitehead (1929), as quoted in Zeff (1989, 204). Original citation is contained therein.

be memorized in an uncritical, almost unthinking way (Zeff 1989, 203–204).

This situation is diametrically opposed to the original intent of college education for accountants, as expressed eight decades ago:

If by education we mean the cramming of a pupil's mind with facts or rules, without any real conception of their meaning or of the relations in which they stand to each other, it is perfectly safe to say that it is a waste of time. This kind of education fits a man for a certain groove, in which he moves in a routine way, a mere piece of mechanical machinery, incapable of independent thought or action. If confronted with a new condition, to which his rules do not apply, he is helpless, and is liable to make mistakes that are disastrous, because his action is based on insufficient knowledge of the foundation principles... (Walton 1917, 281).

A similar warning of the importance of depth of learning was voiced by Mautz and Sharaf (1961, 240), in their famous treatise on the theory of auditing:

We can have an acquaintance with a field of knowledge at any one of several levels. We may have only a very superficial notion of the field, a recognition that it exists and a hazy idea of its subject matter, or we may actually work in the field and be competent to handle its methodology and subject matter. Finally, we may have a real insight into the kind of knowledge in the field, the nature, strength, and weaknesses of its methodology, and the problem areas which still pose difficulties. There is as much difference between the second and third types of acquaintance mentioned here as between the first and second.... Without real insight, one can easily be led astray.

Emphasis on technical coverage at the expense of depth of learning has not been universal among accounting academicians, however. For example, early theoreticians such as Paton, Littleton, Hatfield, and Moore, all stressed in their writings and in their teaching critical analysis and the theoretical underpinnings of practice. As a result of their work, by 1960 college and university courses had gained a stronger theoretical base than in the early 1900s (Langenderfer 1987, 308). Similarly, today's leading accounting professors teach their students how, not what, to think. However, despite their enormous contributions, these great academics were and are

a minority; most remain content to teach primarily rules-based techniques.

The AAA's Bedford Committee (AAA 1986) examined accounting practice and accounting education during the period 1925 to 1985. While the profession had expanded significantly in scope of practice and in the nature and content of accounting services during that 60-year period, the committee concluded the substance of accounting education had remained essentially unchanged (Bedford and Shenkir 1987, 84). Their report charged that accounting education required major re-orientation, saying,

Despite widespread complaints that accounting graduates do not know how to communicate, do not reason logically, are deficient in interpersonal skills, and cannot think creatively and responsibly, university accounting education has persisted in teaching the content of textbooks rather than developing students' capabilities (Bedford and Shenkir 1987, 86).

A follow-up committee to the Bedford Committee (AAA 1989, 145) disputed the original committee's findings, reporting that some changes in curriculum, length of program, and teaching methodology *had* taken place in accounting education during the last 25 years. However, many of the changes related to increased, specialized, technical training, as opposed to increasing the breadth and liberal component of the education.

In 1959, two national studies were released which had a significant impact on business education. The Carnegie Foundation study, entitled *The Education of American Businessmen*, discussed the importance of a liberal education for business people. It recommended less concentration in specialized business subjects and more exposure to the arts, humanities, and physical and social sciences. The Ford Foundation study, *Higher Education for Business*, similarly criticized business education for being too technical and thus failing to develop higher thinking skills, and it likewise recommended a broader, more liberal-arts education. These studies became a catalyst for a major shift away from technical training toward a broader education in business schools in the 1960s. However, the

AAA did not embrace the conclusions of the Ford and Carnegie studies and specifically rejected their recommendations (AAA 1967, 114–116). Thus, according to Langenderfer (1987, 311), accounting was an exception to the sweeping changes in business schools resulting from those studies, and continued to maintain a CPA preparation philosophy.

THE BEST AND BRIGHTEST

For a time, the decrease in the “well-rounded” capabilities of graduates caused by the increasingly narrow, technical focus of accounting courses was partially offset by increases in both the quantity and quality of accounting majors (AAA 1967, 115). During the 1950s and continuing into the mid-1970s, the accounting profession enjoyed an increasing level of prestige within the business community. Accounting became a highly respected and popular college major as “the best students seemed to seek out accounting” (Collins 1987, 52). Accounting programs enjoyed a reputation among students as being a cut above other business majors (Previts and Merino 1979, 283) and attracted many of the best students in colleges of business (Langenderfer 1987, 311). During this “golden” period, accounting majors had high GPAs and were disproportionately represented among honors graduates (Nelson 1989b, 46). As a result of the high quality and sizable number of accounting majors, a large pool of well-qualified graduates emerged year after year. However, the quality of the graduates may have been due more to the caliber of the students than to the curriculum. Thus, despite this seemingly endless supply of high-quality entrants, many practitioners and academics continued to call for change in accounting education.

The literature suggests that accounting's enviable ability to attract above-average students may have diminished in recent years. Whereas 20–30 years ago, accounting majors had comparatively high SAT scores, accounting majors a decade ago had SAT scores *below* the average of all college freshmen (Inman et al. 1989, 32).³ Although entrance exam scores are controversial measures of student quality, an abundance of anecdotal evidence

also alludes to a drop in student quality. Collins (1987, 52) reported a growing concern that accounting programs are no longer attracting the “best and brightest” undergraduate students. Sandy Burton, former Chief Accountant of the Securities and Exchange Commission and former Dean of the Columbia Graduate School of Business, said, “Accounting is no longer the preferred career choice for the brightest students at the undergraduate college level” (Collins 1987, 52). Nelson (1989b, 46) observed that increasing numbers of the best students were opting for other disciplines and concluded that the resulting human resource problem “strikes at the very core of the profession.” Likewise, the largest national firms expressed concern over a perceived drop in student quality (*Perspectives*, 1). This drop in student quality both highlighted and exacerbated the shortcomings of accounting education and may have contributed to the urgency and volume of calls for change in recent years.

INCREASING THE LENGTH OF EDUCATION

One form of change advocated for many years was a requirement for postgraduate education. Older, established professions such as medicine and law, had responded to the knowledge explosion by moving all technical training to graduate programs, leaving intact the viability of a broad, liberal, four-year, undergraduate education. Likewise, accountants wanted to build upon a broad undergraduate education as the foundation for specialized, technical training. As early as 1883, accountants were calling for professional schools of accountancy (Langenderfer 1987, 304) and by 1936, for a minimum requirement of five years

³ Inman et al. (1989, 32) reported that in 1986, freshmen planning to major in accounting had average SAT scores 52 points lower than freshmen not planning to major in accounting, and 67 points lower than freshmen planning to major in finance. Accounting majors had average SAT scores 58 points lower than finance majors and 63 points lower than liberal arts/social science majors. On the bright side, Graves et al. (1993, 213–216) reported relatively high SAT scores among accounting seniors and masters students at FSA schools in 1991 and 1992.

of study past high school (McCrea and Kester 1936, 112). Since 1959, the AICPA has consistently advocated postgraduate education as a requirement for CPA certification (Roy and MacNeill 1967; AICPA 1968; AICPA 1969, 6; AICPA 1973; AICPA 1988, 28, 32–33). The profession's efforts, however, were less than successful. In fact, it seemed that accountants were fortunate to persuade legislators to require even so much as a baccalaureate in accounting. In some jurisdictions, no degree at all was required for licensure until as late as the 1950s; even today, a handful of states require less than a baccalaureate degree.

In the late 1970s, a small group of visionary educators formed the Federation of Schools of Accountancy (FSA), dedicated to the development of professional, graduate programs in accounting. To their credit, many FSA schools developed 5-year programs which expanded not only technical coverage, but also added depth and in a few cases, some breadth as well. Despite their contributions, however, FSA graduate programs still produce a small minority of entry-level accounting hires.⁴

Notwithstanding official positions favoring postgraduate education and the availability of professional masters degree programs since the mid-1970s, the movement toward making graduate study an official requirement for licensure made little progress until, in an 83 percent landslide, the membership of the AICPA voted in 1988 to require applicants for membership after the year 2000 to have 150 semester hours of education (Nelson 1989a, 213). This vote served as a catalyst for 150-hour legislation. As of this writing, 32 jurisdictions, representing more than 40 percent of the nation's CPA candidates, have passed some form of a 150-hour law, and most of the remaining 22 jurisdictions which license CPAs in the United States have made progress in that direction.

However, a five-year program does not necessarily remedy the deficiencies identified by the profession. Note that, while the largest national firms support the 150-hour requirement, their white paper (*Perspectives*) made no mention of additional hours as a solution to the problems identified; on the con-

trary, it expressed concern that increased educational requirements may even have the potential to exacerbate the problems (*Perspectives*, 13). Likewise, the AECC has gone out of its way to distance itself from the 150-hour movement. Both the sponsoring firms and the AECC have emphasized that the types of changes needed (broadening the knowledge base and developing skills) will not be corrected by adding traditional accounting courses, which would only serve to further narrow the education.

While additional hours have the potential to relieve some of the pressure on the 3-way educational dilemma (see appendix), their structure and content are determined by the faculty at individual institutions. Whereas faculty members' opinions on the value of the 150-hour requirement vary widely, their reactions to passage of the law appear less divergent. Once the statute is passed, their natural tendency is towards using the additional hours to add concentration courses in one or more accounting specialties. Again, this is diametrically opposed to the intent of the practicing community, which desires to broaden the education. Rather than additional accounting courses, the profession would prefer to see additional courses in humanities, fine arts, communication, the sciences, etc. Williams (1990, 3–4) warned,

Educators should not make the mistake of assuming that the first four years of the curriculum are satisfactory and require no revision or that the increased time provided by the additional year requires us to offer a great deal more accounting course work than we do in the four-year curriculum.

This is one of the reasons why the AICPA, in the mid-1980s, shifted its emphasis from "a bachelors degree plus 30 hours" to "150 hours including a bachelors degree." This minor wording change underscored that the entire 150 hours needed to be examined, rather than conveying the impression that the

⁴ Of the 21,990 total new graduate recruits with accounting degrees hired by public accounting firms in 1993, only 2,670 had masters degrees (AICPA 1994). Of these, fewer than half (approximately 1,150) came from FSA schools. In other words, only about five percent of total entry-level hires by CPA firms held masters degrees from FSA graduate programs.

existing program would be OK if only 30 more hours of accounting were added at the end. It is clear the profession does not equate 150 hours with better education; it depends less on the *number* of additional hours than on the *breadth* of education involved in the additional hours. Two years *before* the AICPA vote on the 150-hour requirement, Langenderfer (1987, 330) warned,

Instead of stressing the need for five years of formal education to acquire the common body of knowledge, the emphasis should be placed on the need for a more liberal education base by specifying at least three years (or, better still, four years) of liberal arts and general business education to provide the needed foundation for the accountant of the future...

The undergraduate accounting major of today is narrowly educated. Current accounting majors do not need extra years of education merely to acquire the exploding body of knowledge in accounting. Rather,... (they) need a broader educational base than is provided under the current educational pattern for a degree in accounting. Even the fifth year of most five-year programs is devoted to substantial numbers of additional accounting courses, with little or no additional liberal arts education.

Thus, even its strongest supporters warn that the 150-hour requirement is not a panacea, and that its implementation is unlikely to resolve the problem, particularly if the added hours are filled with additional specialized accounting courses at the end of the program rather than additional liberal arts courses at the beginning. Furthermore, it must be admitted that the 150-hour requirement is a political compromise which does not equate to a graduate degree patterned after those of other professions, wherein technical training is built upon a foundation of four years of broad, liberal education.

In summary, it would be fair to say that the length, breadth, and depth of the education required for CPA certification have been issues of great concern to professional accountants since the inception of accounting programs and that existing programs have consistently failed to meet their expectations of imparting to individuals the required capabilities before professional entry. For nearly 100

years, accounting educators have allowed technical training to take precedence over the broad and deep liberal education which was desired by practitioners from the beginning. The concerns expressed in 1989 by the managing partners of the largest CPA firms that "there must be a focus on the broader skills that will support a lifetime of professional success" (*Perspectives*, 5) had existed for many decades prior to its issuance:

Those who enter the profession... must have a broad cultural background which should give them an appreciation of their responsibilities to society and the state. On that cultural foundation there must be built a knowledge of the broad field of business and economics, and superimposed on that must be the technical training in their chosen field. And this plan of education must be tied together and vitalized by a recognition of its interrelations, an appreciation that it is a coordinated whole.

One who expects to enter a profession, should have a sufficiently broad knowledge of the so-called arts and sciences to give him a proper appreciation of present-day civilization. He should know the major scientific facts about the world he lives in and should have an appreciation of the richer fruits of civilization, usually known as the fine or liberal arts... He should be able to express his thoughts clearly and forcefully in his mother tongue (McCrea and Kester 1936, 110).

This viewpoint has been consistently expressed by leading practitioners and academicians throughout the years:

The student should come to understand man himself, his history, the philosophies by which he lives, the language by which he communicates and the arts and sciences which enrich his existence (AICPA 1969, 44).

The student should come to appreciate the humanities, including art and literature, and to understand the major concepts of mathematics, physical and biological sciences, and the social sciences. Such study should contribute to the development of cultured persons, stimulated by broad interests in wide areas of human knowledge and activity... The accountant of the future must be a man of broad educational background (AAA 1967, 57-59).

In their numerous and divergent efforts to change accounting education, accounting academicians might do well to consider the original intent of a university degree and how

far they have strayed from that objective. Additionally, they might ponder the fact that practitioner frustration with accounting education is not a recent phenomenon. Calls for a major shift away from technical training toward a more well-rounded, traditional education that develops higher thinking and communication skills have been consistently expressed since the genesis of formal accounting education.

FACTORS IMPEDING CHANGE

Two questions begging to be asked include, "Why did accounting educators fail to adequately respond to these calls for change for nearly a century?" and "What are the prospects for meaningful change, now?" Two follow-up committees to the AAA's Bedford Committee identified some of the factors inhibiting change. One committee recognized the following: First, change is expensive, both in terms of dollars and faculty time. Declining student populations and financial support in the 1980s combined with university-wide faculty reward structures and increased research expectations to inhibit the kinds of changes needed. Additionally, the increasing volume and complexity of the common body of knowledge and constraints on CPA exam content and structure were seen as impediments to change largely outside the control of accounting academicians (AAA 1989, 8–9).

The other committee named the following six "pervasive influences" that have inhibited change: too much textbook dependency in accounting courses, a lack of faculty reward structure to motivate change, the influence of the CPA exam, accreditation (which may act as a deterrent to curriculum experimentation), the influence of regulatory bodies FASB, SEC, IRS), and the increasingly complex business environment (AAA 1989, 145–147). (The latter two were seen as inhibiting change because of their tendency to continually expand the common body of knowledge.)

Of the factors listed by the committees, perhaps the most persuasive is faculty reward structures. Both committees observed that curriculum development and experimentation are not adequately rewarded in the academic

environment. As Nelson (1989b, 50) observed, "Teaching is regarded as something that is done only after the 'important' work has been done." Patten and Williams (1990, 177) noted that "We praise good teaching, but we reward research." In today's academic environment, asking professors to give up some prized research time to grade essays or group projects is like asking them to sign their own blue slips, especially if they are untenured (Strait and Bull 1992, 70). Recognizing this, the AECC's first public act was to issue a statement calling for universities to change their reward structures to encourage teaching and curriculum and course development (AECC 1990a). The statement also encouraged financial supporters of higher education to require that their contributions be specifically directed toward these activities.

While they may help explain the current situation, the factors identified by the committees fail to adequately account for the lack of change in the last 100 years. Perhaps the fundamental reasons why accounting educators have long favored technical training at the expense of a classical education are much deeper. I offer four possibilities:

First, accounting professors as a group may fail to truly recognize the value of a liberal education. Most accounting faculty received their own undergraduate degrees from accounting programs that were technically-oriented. Later, in their PhD programs and careers, they have specialized in one or two areas of teaching and research interest. This tendency toward specialization in a few, narrow areas (AAA 1989, 9) has intensified through the years to the point where today's individual faculty members are often relatively ignorant about accounting subjects outside their own individual specialties, not to mention other disciplines. Is it realistic to expect narrowly-educated specialists to appreciate the value of a broad education?

A second reason most academicians may have been slow to respond to calls for change all these years is that technical training is comparatively easy to do. Most teachers feel more comfortable lecturing on "how to" than assigning a student group to debate "why." It

is neither overly time-consuming nor difficult to present a technical lecture filled with official rules to be memorized, assign students to read a detail-laden text and to do some highly structured exercises for homework, then test students' abilities to parrot back what they memorized with exam questions that always have a single, correct answer.

A third problem I believe has inhibited change for many years is student evaluations. Even at schools which do factor teaching into the tenure/promotion equation, true excellence in teaching is seldom recognized because teaching quality is usually measured by student evaluation scores. Most evaluation forms used by universities are very poor, invalid measures of teaching excellence. Often, a high score on an evaluation signifies more a lack of dissatisfaction than a degree of satisfaction. Because critical thinking takes students out of their comfort zones, most professors who have experimented with change testify that teaching evaluations suffer as a result. Too often, because evaluations are used as a whipping boy, professors have an incentive to "play it safe."

A fourth reason I believe accounting faculty favor technical training is that they have not been adequately prepared to teach in a non-technical manner. In fact, the vast majority of accounting PhDs have received little or no formal training in how to teach in any manner. Very few have had even a single course in educational psychology.⁵ In fact, PhD program advisors may actively discourage students who have a predilection in that area. As a result, professors tend to teach material in the same way they received it in their own undergraduate programs. It seems ironic that kindergarten teachers have more formal training in learning processes and pedagogy than do accounting professors. Perhaps the difficulty in convincing accounting faculty that they need to teach writing, speaking, critical thinking and learning-to-learn in their classes stems from a feeling that they are not qualified to teach such skills.

ANOTHER POINT OF VIEW

I had an interesting discussion with a colleague at a recent American Accounting Asso-

ciation convention. My friend is opposed to the 150-hour requirement and to the AECC's position statements. He feels the traditional model of a four-year degree crammed with journal entries and FASB rules is the way to go and that no change is needed. He contended that his general education courses were a waste of time and did nothing to prepare him for public accounting. He asserted that only the technical training he received in his accounting courses was necessary in preparing him for his career, and that adding another year of general education and/or "watering down" (his term) accounting courses would be counterproductive. In essence, his argument was that CPA firms don't really know what they want.

I view his remarks as the epitome of arrogance. In the decade of quality, when responding to the customer's demands quickly and precisely is the key to success (and even survival), such an attitude is a prescription for failure. No provider of services will survive in the 21st Century with the philosophy, "We know what's best for you, and if you don't like it, there's something wrong with you."

In fairness, it must be pointed out that practitioners are not without fault in this matter. While the profession has been calling for change for nearly a century, it has not always spoken with a unified voice. A very serious disincentive for change that cannot be ignored is a perceived incongruity between practitioners' statements and their hiring behavior. The mixed message understandably causes some accounting faculty to view change with skepticism. Nevertheless, my colleague's arguments that, "If firms really wanted broadly educated graduates, they would hire liberal arts majors," may eventually become a self-fulfilling prophecy. (Additionally, the credibility of his contention that his undergraduate education adequately prepared him

⁵ For example, the names Perry, Kohlberg, Rest, Gilligan, and other theorists in developmental cognitive psychology are not familiar to most accounting faculty. The information processing model and other cognitive theories of learning, and the terms elaboration, organization, encoding, retrieval, and metacognition, are likewise foreign.

for the CPA profession and that he did not need additional skills and general knowledge is discounted by the fact that he is no longer employed in public accounting.)

FUTURE PROSPECTS FOR CHANGE

What are the prospects for change? The last five years have seen some very encouraging developments. The AECC has acted as a catalyst for change, and some of the projects undertaken by AECC grant schools have been very impressive, indeed. Many other institutions have undergone change projects of various magnitudes, some with outside funding and others without. The creation and unprecedented growth of the Teaching and Curriculum Section of the AAA has focused increased attention on the teaching function, and CPE sessions at AAA meetings have been well-attended. The new accreditation requirements adopted by the AACSB in 1991 provide more flexibility for institutions to define teaching as a stronger role than in the past. The FSA, as an organization devoted exclusively to quality in graduate education, has experienced a period of growth unmatched since the years of its inception. The 150-hour movement has also made significant headway during this period. The AECC's call for changing the first course in accounting to a user-focus (AECC 1992) seems to be having a significant impact on textbooks and courses at many institutions.

From an historical perspective, however, the optimism generated by these recent gains must be tempered by the lack of change prior to 1990. While there were many studies (Williams 1991, 128) and isolated efforts by academics to improve accounting education over many years, they did not result in widespread change.

Sadly, although the leaders of the profession called for change for nearly a century, there was no significant accounting education change until the largest firms pledged over \$4 million dollars to the AECC (and USC's separately-funded project) in 1990. The fact that money has clearly been the principal stimulus for change carries the implication that in its absence, change is atypical. The profession

cannot afford to give a quarter of a million dollars to every school in the country. When the money runs out, will the change movement die? Even AECC grant schools privately admit it will be difficult to maintain the changes they have made, now the money is gone.

Additionally, the lack of change in some critical areas since 1990 are cause for serious concern. The AECC's (1990a) first issues statement urging that teaching be made a priority in higher education caused quite a stir, but has had no noticeable effect on university reward structures. The FSA's recent growth, while admirable, has been primarily comprised of small and medium-sized institutions, and its membership still noticeably lacks many of the larger universities in the United States.

My personal conclusion is that at most institutions, the prospects for real change in accounting education appear bleak. Despite enormous momentum for change, the sheer mass of the status quo defies attempts to dislodge it. Most accounting faculty still fail to understand the nature of the changes required, and the few who do are neither trained nor qualified to effect them. Cosmetic changes and quick fixes will undoubtedly be made, but such token efforts will not accomplish the mandate. To correct the deficiencies, the entire educational process must be reengineered.

CONCLUSIONS AND IMPLICATIONS

Today's accounting graduates have been criticized as lacking important skills and knowledge. The skills and the knowledge presently lacking are developed not through specialized, technical training, but through breadth of education and depth of learning. Today's accounting curricula and courses are too narrow and technical. To overcome the deficiencies, the curriculum must be broadened and accounting courses must be deepened. While important, the question of length of education is not the primary issue. Increasing the requirement from four years to five will not, in itself, solve the problem.

To meet the mandate for more breadth, I believe accounting faculty must come to fully

appreciate the value of a traditional, broad, liberal education, to the point where they are willing to restructure curricula to increase non-accounting hours. I would argue that *none* of the additional 30 hours resulting from a 150-hour law should be in accounting. Rather, the core accounting courses should be moved from the junior to the senior year, while increasing by one year the liberal education requirement prior to accounting program matriculation.

To meet the mandate for more depth, the CPA exam must be completely decoupled from the curriculum. The entire focus of accounting courses must change from technical training and rules-memorization to developing a full and deep understanding of the underlying accounting principles, while fostering analytical and conceptual thinking. Accounting faculty must familiarize themselves with the vast literature in cognition, learning and educational psychology, and seek out training and assistance in pedagogy and curriculum development. Administrators must lead out; if left to individual faculty, few will change. Reward structures must also be completely overhauled to provide incentives for quality and innovation in teaching. A safety net must be provided for professors willing to experiment with change. Valid measures of teaching performance, which recognize depth of learning and development of critical thinking and communication skills, must replace student evaluations.

In short, accounting academicians must cast aside their predispositions, paradigms, and "turf" battles, and work together to create a new model of accounting education. If they do not, CPA firms may begin to recruit large numbers of liberal arts graduates and train them in-house. As Patten and Williams (1990, 175) observed,

If accounting graduates continue to be ill-prepared to function effectively in this new order of organizational competitiveness, employers will have no choice but to turn to graduates in other disciplines to fill their needs.

However, a more likely scenario is that some schools will "catch on" and begin to produce a product closer to the customer's specifications than others. The beginnings of such a trend can already be seen in changes in Big 6 recruiting patterns. In today's buyers' market, it is certain that the customers will begin to shop more selectively. Schools which are responding to the calls for change, including the AECC grant schools and others following in their steps, will have an advantage over those which ignore the customer and cling to a traditional model. In any case, it seems unlikely that the accounting profession will wait another 100 years for broadly educated graduates with professional levels of communication, interpersonal and intellectual skills, and a liberal knowledge base. If accounting educators can't supply them, the profession will undoubtedly look elsewhere.

APPENDIX

The Three-Way Educational Dilemma

Educators in every field of study struggle to find the proper balance between three competing factors of education. Given a fixed number of credit hours available in a four- or five-year program, the curriculum and class time involve a trade-off between these three factors:

Breadth of education refers to the number of broad, general fields of study to which the student is exposed. It may be thought of as the liberal, general education component in the curriculum (arts, sciences, humanities, etc.) The number and breadth of the subjects covered is thought to affect the degree to which the graduate is "well-rounded." **Depth of learning** means how comprehensively each subject is studied. Does the student receive merely a superficial, elementary exposure to a subject, or an in-depth exploration, including current issues and theory? Is the subject discussed at a declarative level (memorization) or a conceptual one (understanding)? Greater depth of learning invokes more higher-order, critical thinking in the educational process. **Technical coverage** refers to the amount of specialized, practical material to be taught. How many domain-specific rules is the student required to memorize in a particular field of specialization? Technical coverage prepares students to answer objective-type exam questions and to perform job-specific tasks, but does little to develop higher-order thinking.

The dilemma may be clarified with an example. Given four class hours to cover costing systems, most instructors would try to teach the class how to do both process and job-order costing. However, an alternative might be to choose only one of the two costing systems, and cover it in depth, examining the problems, issues and theories, and how it relates to both financial and managerial decisions. The former strategy increases technical coverage, while the latter emphasizes depth of learning. On the other hand, if two of the four hours formerly spent on costing systems were cut and the curriculum modified to require the student to study philosophy, music, history, or economics for those two hours, that strategy would be emphasizing breadth of education.

REFERENCES

- Accounting Education Change Commission (AECC). 1990a. AECC urges priority for teaching in higher education: Issues statement number one. *Issues in Accounting Education* (Fall): 320–321.
- . 1990b. Objectives of education for accountants: Position statement number one. *Issues in Accounting Education* (Fall): 307–312.
- . 1991. AECC urges decoupling of academic studies and professional accounting examination preparation: Issues statement number two. *Issues in Accounting Education* (Fall): 313–314.
- . 1992. The first course in accounting: Position statement number two. *Issues in Accounting Education* (Fall): 249–251.
- American Accounting Association (AAA), Committee to Compile a Revised Statement of Educational Policy, R. J. Canning, chair. 1967. A restatement of matters relating to educational policy. *The Accounting Review Committee Reports*: 50–121.
- , Committee on the Future Structure, Content, and Scope of Accounting Education (The Bedford Committee). 1986. Future accounting education: Preparing for the expanding profession. *Issues in Accounting Education* (Spring): 168–195.
- , J. J. Schultz, Jr., ed. 1989. *Reorienting Accounting Education: Reports on the Environment, Professoriate, and Curriculum of Accounting*. Accounting Education Series, Vol. 10. Sarasota, FL: AAA.
- American Institute of Certified Public Accountants (AICPA), Committee on Education and Experience Requirements for CPAs (The Beamer Committee). 1968. *Academic Preparation for Professional Accounting Careers*. New York, NY: AICPA.
- . 1969. *Report of the Committee on Education and Experience Requirements for CPAs*. New York, NY: AICPA.
- . 1973. AICPA endorses professional schools of accounting. *Journal of Accountancy* (September): 20–21.

- . Education Executive Committee. 1988. *Education Requirements for Entry Into the Accounting Profession*, Second Edition (Reissuance and update of the 1977 Albers Report). New York, NY: AICPA.
- . 1994. *The Supply of Accounting Graduates and The Demand for Public Accounting Recruits—1994*. New York, NY: AICPA.
- Bedford, N. M., and W. G. Shenkir. 1987. Reorienting accounting education. *Journal of Accountancy* (August): 84–91.
- Collins, S. H. 1987. News feature—recruitment. *Journal of Accountancy* (February): 52–58.
- Graves, O. F., I. T. Nelson, and D. S. Deines. 1993. Accounting student characteristics: Results of the 1992 federation of schools of accountancy (FSA) Survey. *Journal of Accounting Education* (Fall): 211–225.
- Inman, B. C., A. Wenzler, and P. D. Wickert. 1989. Square pegs in round holes: Are accounting students well-suited to today's accounting profession? *Issues in Accounting Education* (Spring): 29–47.
- Institute of Management Accountants. 1994. *What Corporate America Wants in Entry-Level Accountants*. Montvale, NJ: IMA.
- Keating, P. J., and S. F. Jablonsky. 1990. *Changing Roles of Financial Management: Getting Close to the Business*. Morristown, NJ: Financial Executives Research Foundation.
- Langenderfer, H. Q. 1987. Accounting education's history: A 100-year search for identity. *Journal of Accountancy* (May): 302–331.
- Mautz, R. K., and H. A. Sharaf. 1961. *The Philosophy of Auditing*. Monograph No. 6. Sarasota, FL: American Accounting Association.
- May, C. B., and S. L. Menelaides. 1993. Good writing counts. *Journal of Accountancy* (July): 77–79.
- McCrea, R. C., and R. B. Kester. 1936. A school of professional accountancy. *Journal of Accountancy* (February): 106–117.
- Nelson, A. T. 1989a. A new direction in accounting education—the AICPA steps out. *Issues in Accounting Education* (Spring): 211–217.
- . 1989b. The human resource dilemma in accounting. *Journal of Accountancy* (August): 46–52.
- Patten, R. J., and D. Z. Williams. 1990. There's trouble—right here in our accounting programs: The challenge to accounting educators. *Issues in Accounting Education* (Fall): 175–179.
- Perspectives on Education: Capabilities for Success in the Accounting Profession*. 1989. Arthur Andersen & Co., Arthur Young, Coopers & Lybrand, Deloitte Haskins & Sells, Ernst & Whinney, Peat Marwick Main & Co., Price Waterhouse, and Touche Ross (The Big Eight). New York, NY.
- Previts, G. J., and B. D. Merino. 1979. *A History of Accounting in America: An Historical Interpretation of the Cultural Significance of Accounting*. New York, NY: Ronald Press.
- Roy, R. H., and J. H. MacNeill. 1967. *Horizons for a Profession*. New York, NY: AICPA.
- Shoenfeld, A. 1982. In *Mathematical Problem Solving: Issues in Research*, edited by F. K. Lester and J. Garofalo. Philadelphia, PA: The Franklin Institute Press.
- Strait, A. M., and I. Bull. 1992. Do academic traditions undermine teaching? *Journal of Accountancy* (September): 69–73.
- Subotnik, D. 1987. What accounting can learn from legal education. *Issues in Accounting Education* (Fall): 313–324.
- Walton, S. 1917. Practical application of theoretical knowledge. *Journal of Accountancy* (October): 276–282.
- Williams, D. Z. 1991. The challenge of change in accounting education. *Issues in Accounting Education* (Spring): 126–133.
- Williams, J. R. 1990. Curriculum innovation and 150-hour legislation: Friends or foes? *Issues in Accounting Education* (Spring): 1–5.
- Zeff, S. A. 1989. Does accounting belong in the university curriculum? *Issues in Accounting Education* (Spring): 1–3.