

THE NEED FOR PROFESSIONAL ACCOUNTING EDUCATION

by

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A logical starting point in considering the public need for professional accounting education is to try to understand what “public need” means and how can it be measured. This subject can be approached either subjectively or objectively, and probably both approaches are useful. The subjective approach is based upon value judgments as to the importance of professional accounting and as one who has always viewed the world as one large T-account, I have an obvious bias. More seriously, I think it seems apparent that the fundamental problems of measurement and information which accounting addresses itself to are increasingly important both in a national policy sense and in a business setting. Information rather than faith should be the basis for policy decisions. This is true whether they be investment decisions, national policy or business decisions. Thus, I am led to the conclusions that there is a social need for improved and increased accounting services in the broadest sense of the term.

One can also adopt an objective approach to determining “public need.” Let us look at the facts. Is there demand for the output? I think the answer is clearly yes. The professional market place is booming. This shows both in aggregate jobs available and in salary patterns. The compound rate of growth in starting salaries make those accountants who started their professional careers in the 1930s at \$100 a month shake their heads.

Presumably, if there is a demand for educational output, there will be a demand for education. Demand for education usually follows the demand for services- -even though there are some significant time lags. If we look at the facts today, we can observe a recent substantial increase in registration in accounting courses and a related increase in demand for accounting educators. One of the few areas of business education today where there is still a good market for educators is in accounting. As I talk to deans and faculty members from coast to coast, there is an almost universal concern about recruiting problems for accounting faculty.

In addition to the need for accounting services and the corolary need for accounting education, I think we also have to look at the need for accounting research. Is there a need to push out the frontiers? This really may be the key in determining whether what we need is education or simply training. If a field of study is primarily a technique or a set of techniques,

even though those techniques may be quite complicated, I think a significantly different approach is called for than if you are dealing with an area where there are a large number of unsolved problems which require new approaches and new techniques. Under the latter circumstance a creative group of scholars is needed rather than an effective training mechanism. I think accounting meets this test. If one looks at the efforts to apply measurement to a whole set of new problems, such as human resources, social policy, and cost benefit analysis, you see one substantially changing thrust of accounting. In addition the problems of users of data, improved investment models, improved controls using financial information require significant study. Finally, the problems of information and social responsibility and the auditing thereof which are receiving a lot of attention at the present time cry out for research. There is considerable evidence therefore that the accounting field is one in which there are a large number of unsolved problems which require new approaches, and therefore, require scholarship rather than training techniques. This is one of the major arguments for increased emphasis on higher accounting education. The training of technicians while necessary is not sufficient to meet social needs.

If we conclude that there is a demand, the next question is how it should be met. The burden of proof is very much on those people who suggest a new, or at least a partially new approach. We can look at the schools today and see accounting graduates pouring out of them and an argument can be made that the job is being well done. Therefore, why is there a need for change? Why is there need for a professional school of accountancy?

It is easy to see from the profession's viewpoint why separate schools of accountancy are desired. The social recognition and prestige that go along with an independent professional school are significant. Accountants are tired of being viewed as second-fiddle to lawyers, doctors and other professionals. They often take the approach that if lawyers have professional schools, we should have them too. I suppose that if enough accountants are prepared to put their money where their mouth is, this may be sufficient. Educational administrators, I find, respond surprisingly well to economic stimuli. If some case can be made and substantial resources are provided to stand behind it, it is very possible that professional schools of accountancy will

emerge from that alone. In addition, the recruiting advantages to the accounting profession are substantial. If recruiters come to a campus and are dealing with a self-selected group already committed to accounting, there is one level of persuasion that does not have to be undertaken.

It is also easy to see why the idea of professional schools of accountancy has some appeal for accounting educators. Control over curriculum, hiring and retention of colleagues are very significant. As one who has on occasion tried to explain the simple facts of life to his colleagues in other disciplines who are notably difficult to convince, I am sympathetic to the accounting faculty's desire to have greater control over their professional existence.

In the final analysis, however, I think that the case for professional accountancy education must rest on stronger grounds. Are there sound reasons why the education of accountants can be accomplished more effectively in a professional school, dedicated to that purpose, rather than in a business school, and is there a real reason why needed accounting research can be better done in such an environment? I think the case can be made and although I would not claim yet to be able to make it in a systematic fashion, I will make a few observations that may serve as a basis for consideration.

In the first place, I think that accounting, both in the past and increasingly in the future, must recognize its interdisciplinary characteristics. The various disciplines needed are not all found in business schools. Certainly, in looking at a professional accounting education, one of the things that has to be dealt with is the accounting measurement model. This does not mean more accounting courses. I think we may have too many accounting courses. But at the same time, there is a fundamental accounting model that needs to be considered, developed and at the same time communicated to students, both conceptually and programmatically.

A second area that needs attention is the area of communication. This is one where accountants are traditionally very deficient. Such a deficiency is ironic since the basic business of accounting is communication. Writing and verbal skills are essential tools of accountants, and I believe that there is a considerable amount that can be done in the educational field that will assist accountants in becoming better communicators. This is not a part of the normal business

school. I understand that here at The University of Texas there is a School of Communication. Perhaps some of those resources can be drawn upon. One of the great weaknesses of the accounting profession in general is the absence of writing and verbal skills. Too many accountants when they get up to talk meet the criterion of sounding like an accountant which is not what should be the case.

Related to the problem of communication are the problems of behavioral science, which in the accounting area go very much to how people respond to communications. This is an area where business schools have departments but they may not be focused in the direction which the study of accountancy would require, and the research thrusts are frequently in other directions.

A fourth area that has to be considered is law and the legal environment. Most schools have courses in business law, but such courses are rather limited. It is very important that professional accountants have a broader exposure to some of the problems of law and the legal environment particularly as they relate to the problems of financial disclosure, public reporting, auditors' liabilities, the securities environment, etc. There are special areas of the law which are both a necessary part of the professional accountant's background and sources of productive research topics.

Another area relates to the needs of users of information. Certainly, finance and investment are well covered in today's business schools. They need to be included. But business and government resource allocation techniques would also have to be considered since those responsible for such decisions are growing users of financial information. In the broad sense then, accounting needs to be interdisciplinary and today's business school does not focus these disciplines in the way that the professional accountant may need to have them focused. This relates also, of course, to needed research. I think that necessary research in the accounting field is more likely to be stimulated in a professional school where a particular focus exists along with interdisciplinary skills.

Finally, one important aspect that is needed is what I call attitude training. Lawyers get attitude training very early in their academic experience. The fundamental adversary approach

of the law which says that two parties taking different points of view and arguing them vigorously will result in truth, permeates law school. From the very beginning there are moot courts and class discussions in which people are trained in this adversary approach. Business schools tend to emphasize an approach geared substantially to profit maximization in a competitive environment.

Accountants, on the other hand, need a different approach. They need what might be called the dispassionate professional approach. Alone among the professions, the accountant achieves his social purpose by being independent of his client rather than serving the client's interest to the exclusion of others or following his own profit maximizing interest. These approaches are not necessarily mutually exclusive, but the fundamental objective of the public accountant is one of independence. This approach needs to be instilled at an early stage. I suggest that a number of the problems which the accounting profession is having today arise from the fact that this fundamental approach has not been sufficiently ingrained and accordingly people have not looked at their overall social purpose sufficiently in making some of the day to day decisions that have to be made. I think this is something which needs emphasis which a business school is less likely to give than a professional school of accounting.

All of this does not mean, however, that I believe that a totally independent school is necessarily the answer. There are a variety of practical and behavioral reasons why this may not be the best approach. As the present time, for example, I am doubtful that outstanding faculty in other disciplines can be persuaded to affiliate with a totally independent school of professional accounting. It is important that if professional accounting education is to be achieved in a school of accountancy, that interdisciplinary needs are not met by the rejects of other departments. It seems to me, therefore, that evolution may be the best approach and the facts of the individual circumstance must govern.