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# Accountancy Education: A Younger Sister Comes of Age

*K. Fred Skousen\**

In their Section on comparative educational programs for business, accountancy, and medicine, Professors Gee and Jackson correctly identify the key characteristics of a profession.<sup>1</sup> They then proceed to outline some of the common evolutionary steps that have been taken by those related disciplines in their respective educational processes. By examining the historical developments, the forces impacting upon the educational process, and the trends in education for each of the above-mentioned fields, Gee and Jackson hope to provide a better perspective for evaluating present trends in legal education. The purposes of this Commentary are (1) to identify three additional issues relative to accountancy education that seem to have some applicability to legal education, and (2) to report briefly on current developments within the accounting profession concerning professional programs or schools of accountancy<sup>2</sup> that seem to corroborate some of the trends outlined by Gee and Jackson.

## I. CURRENT ISSUES IN ACCOUNTANCY EDUCATION

### A. *Schools of Accountancy*

The most significant issue in accountancy education in recent years has centered on the development of five-year professional schools of accountancy. Professional schools of accoun-

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1. Gee & Jackson, *Bridging the Gap: Legal Education and Lawyer Competency*, 1977 B.Y.U.L. REV. 695, 794. Members of a profession generally render essential services to society, are governed by stated ethical principles, are bound by legal requirements for entry into the profession, have disciplinary procedures for those who violate the ethical standards, depend upon a specialized body of knowledge acquired through formal education, use a language of art familiar only to members of the profession, and maintain in the eyes of the public a professional image.

2. The American Institute of Certified Public Accountants (AICPA) has adopted the alternative terminology "program or school" of accountancy to emphasize the acceptability of either an independent program of accountancy within a school of business or management or a completely separate, free-standing school of accountancy, similar to a school of law or medicine. In the remainder of this Commentary, the term "school of accountancy" will be used to mean both a program or school of accountancy in the AICPA sense.

tancy have added graduate-level work to the traditional undergraduate accounting curriculum and generally have been elevated from the position of a department within a school of business to a more independent status within the business school or within the university as a whole. As pointed out by Gee and Jackson, this trend is a natural evolutionary step in the attempt to professionalize accountancy education and in many ways is similar to the educational steps already taken by the more established professions of law and medicine. Nevertheless, there are some significant differences between the formal educational pattern and environment for emerging schools of accountancy and schools of law and medicine.

One obvious difference in the structural approach assumed by accountancy education from the more traditional approach taken in other professions is the integration of undergraduate and graduate education. To date most of the professional programs in accountancy follow a five-year model with two years of preprofessional undergraduate work combined with three years of study in a professional program.<sup>3</sup> But there is nothing magical about five years of education. On the contrary, the Cohen Commission's *Report, Conclusions, and Recommendations* suggests that, as a long-term goal, a four-year liberal arts undergraduate program and a three-year graduate professional program would be a desirable educational track.<sup>4</sup> The parallel with legal education is obvious. Whether schools of accountancy will move toward such extension of formal educational training in the future is not clear. In fact many argue that law, medicine, and business ought to consider a somewhat more integrated and condensed approach similar to five-year graduate programs in accounting for their own educational models.<sup>5</sup> What does appear to be certain is the desire by those involved in accountancy education to professionalize the accounting curriculum by designing formal educational programs more like those of the traditional professions.

A factor that creates a major environmental difference between accounting schools and law or medical schools is the timing of their development. It has been only recently that schools of

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3. For an explanation of the model at Brigham Young University where this approach is used, see Skousen, *A New Professional Program in Accountancy*, J. ACCOUNTANCY, Nov. 1976, at 77.

4. THE COMMISSION ON AUDITORS' RESPONSIBILITIES, AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS, REPORT, CONCLUSIONS, AND RECOMMENDATIONS 90 (1977).

5. See, e.g., Gee & Jackson, *supra* note 1, at 843-66 (discussing suggested alternatives for legal education).

accountancy have been established as separate, autonomous units within or independent of schools of business. Thus, the formal school concept has lagged significantly behind the development of accountancy as a profession. This aspect of accountancy can be contrasted to the professions of law and medicine in which the professional school concept seems to have paralleled, if not helped to instigate, the respective disciplines' professional development. As a consequence, law and medical schools are viewed as an integral part of the profession while the school of accountancy is viewed as a new, and by some as a counter-productive, development that is not necessarily essential to professional training or status.

This skepticism of the professional school concept is jointly shared by some accounting educators and practitioners. Some observers are afraid that schools of accountancy will become too narrow by placing too much emphasis on trade or vocational training at the expense of educational breadth. Some also see a financial resource problem, especially for the free-standing school of accountancy. Practitioners often question the need for the additional training within an academic setting that a professional school of accountancy implies.

In order for the professional school concept to be successful in accounting as it has been in law and medicine, the cooperation and support of accounting practitioners in particular is essential in a number of respects.<sup>6</sup> Obviously financial support is needed. Perhaps even more important are the active participation by practitioners in the professional program and the increased availability of internships and similar experiences for students that help to bridge the gap between the formal educational process and practice. Additionally, there is a need for the development of cases and other materials and for the cosponsorship of joint research among educators and practitioners. Most important, however, is the establishment of employer hiring practices that are consistent with the professional school concept. Instances have been all too frequent where practitioners have given positive lip service to professional programs of accountancy, but then have encouraged good students to leave school before they complete the professional program. Firms also have to realize that, because they will be better trained and more highly motivated,

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6. In addition to practitioner support, schools of accountancy require academic acceptance and an accrediting evaluation mechanism in order to be successful. For an expanded discussion of these points, see Skousen, *Accounting Education: The New Professionalism*, J. ACCOUNTANCY, July 1977, at 54.

most of the graduates of professional schools will need more challenging experiences and a faster rate of advancement.

Medicine has largely achieved the integration and coordination of its practicing members and the formal educational processes within the professional school. The legal profession is attempting to follow suit. Accountancy can attain this objective through use of the professional school concept. If the trend toward greater use of the professional school continues, as I predict it will, accountancy education will follow even more closely the models of medical and legal education.

### *B. Definition of the Professional Accountant*

In discussing professional accounting education and relating it to legal education, one must be careful to first establish to whom the educational process is directed by defining who is the professional accountant. Under the accountancy umbrella, there exists a broad range of activities and an even greater variation in the qualifications possessed by those who call themselves accountants. Unlike law and medicine, and more like business, there is no uniform entry point to the accounting profession. An individual may be a self-taught accountant or may have graduated from a university-level accounting program. There is no requirement that students must graduate from a school of accountancy. Accountants may be C.P.A.'s or they may not. Even if they are C.P.A.'s, individuals will vary in the extent of their practical experience because of the individual state licensing requirements for C.P.A.'s. The point is that bookkeepers, office managers, controllers, financial vice presidents, auditors, tax consultants, and a host of others all may be called accountants. But their educational backgrounds, their experience, the functions they perform, and in many instances their level of professional competency are extremely varied. Amid all this apparent confusion, establishing a definition of the professional accountant is very pertinent to accountancy education since it could affect the direction that professional schools of accountancy may take.

There are several possibilities for defining the professional accountant. Because there is a uniform and stringent C.P.A. examination and there are somewhat common state laws for licensing C.P.A.'s, perhaps the professional accountant should be defined only as one who is a C.P.A. Or is the Certified Management Accountant examination sufficiently well-tested and rigorous to also qualify one as a professional accountant? If so, how about the Certified Internal Auditor examination? Such questions

bring to mind the attempts of legal educators in the early 1900's to unify the concept of lawyer competency by standardizing legal education and bar admission requirements. Despite the study of legal education and bar admission requirements conducted by A.Z. Reed in 1921 recommending diversified legal educational models and a nonunitary bar,<sup>7</sup> legal educators have succeeded in requiring that virtually all lawyer-aspirants attend a professional school and pass a similar qualifying examination. Perhaps accountancy education is moving in the same direction.<sup>8</sup>

Another related possibility is for accountancy to recognize the need for formal education to be directed toward different objectives, and specifically to recognize the role of the paraprofessional. In medicine, and to an increasing extent in law, the concept of a paraprofessional has gained acceptance. It is a concept, however, that has not been formalized in accounting. The notion of a paraprofessional is a natural extension of the recognition that different educational approaches are required for different objectives. In accountancy three different educational categories may be identified:

1. The training for an accounting paraprofessional, an individual who will have a good job and make a significant contribution to society, but who is not likely to end up as a partner in a C.P.A. firm or a controller or vice president of a good-sized company.
2. The training for a professional accountant who is qualified to end up as a partner in a C.P.A. firm or in a leadership position in government or industry.
3. The training of accounting educators and scholars who will for the most part seek careers in academia.<sup>9</sup>

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7. A. REED, TRAINING FOR THE PUBLIC PROFESSION OF THE LAW 416-18 (Carnegie Foundation for the Advancement of Teaching Bull. No. 15, 1921).

8. To date only a few states have passed legislation giving consideration to graduate study in accounting. After December 31, 1978, Hawaii will require with certain exceptions, at least 30 additional hours of study beyond the baccalaureate degree before a C.P.A.-aspirant can be qualified. HAW. REV. STAT. 466-5(b) (Repl. 1976). Colorado has recently passed legislation that will require a master's degree in accounting to sit for the C.P.A. exam; the requirement will become effective sometime between January 1, 1983, and January 1, 1988, depending upon the phase-in capability of accounting programs. Florida presently allows a "one year accounting course at an accredited college or university" to substitute completely for the 12-month experience requirement necessary for C.P.A. qualification. FLA. STAT. ANN. § 473.08 (West Cum. Supp. 1977). Unless the Florida legislature reenacts the provision, however, the "one year accounting course" language will be repealed effective July 1, 1978. *Id.* § 11.61. Several other states allow a master's degree in accounting to substitute for one of two or three required years of experience. See, e.g., IND. CODE ANN. § 25-2-1-4(1) (Burns 1974); TEX. REV. CIV. STAT. ANN. art. 41a, sec. 12(e)(4) (Vernon 1969); UTAH CODE ANN. § 58-26-2(4) (1974).

9. Skousen, *supra* note 6, at 57.

It is conceivable that a professional school of accountancy could have different programs that would satisfy all of the above objectives, producing well-trained paraprofessionals and professional accountants, as well as new Ph.D.'s. It is more likely, however, that institutions will tend to concentrate their efforts on one or two of the above objectives depending primarily on the resources available and upon faculty interests. Accounting programs with strong Ph.D. traditions are not likely to discontinue that emphasis. Similarly, although there is significant demand for new Ph.D.'s in accounting, it will be difficult for new Ph.D. programs to be established because of the high costs involved. Schools of accountancy will assume the prime and perhaps sole leadership position for the training of those in category 2. Such schools might also train paraprofessionals but do so in distinctly separate programs. Other institutions not able to establish professional schools will eventually serve primarily those in category 1 as well as serve as feeder institutions to professional schools. Thus, use of the professional school in accountancy education would help to identify and set apart the professional accountant.

### *C. Specialization*

With respect to each profession's educational philosophy concerning specialization, law and medicine seem to present opposite poles between which accountancy is wavering. From an outsider's perspective it appears that law schools provide a generalist's approach to legal education; most specialization is obtained in a practical context upon employment. Medicine, on the other hand, provides extensive opportunity for specialization during extended formal education. In accountancy there are two perspectives on the desirability of specialization within a professional program. One view is that the accountant needs a very broad education in business-related topics, leaving little time for specialization. The other view is that within an integrated five- or six-year educational program there is time for a sufficient amount of breadth in general education and general business topics as well as a significant amount of specialization in an area such as tax, financial auditing, management accounting, management advisory services, or not-for-profit accounting.

An example of this latter position is the approach being taken by Brigham Young University's Institute of Professional Accountancy. In the last two years of a five-year program, students choose an area of specialization from among tax, audit, management accounting, or management advisory services.

While there is the opportunity to specialize by taking from three to eight classes in an area of interest, there is still considerable breadth. Out of the total 160 hours a student completes during the five-year program, about thirty percent are related to general education, another thirty percent are related to general business, about twenty-five percent are related to general accounting, and the balance is in a specialized accounting area.

Those proponents of the specialization view argue that today is an age of specialization and that both breadth and specialization are needed. Certainly the medical model is successful in terms of financial reward for the specialist practitioner. The legal profession has yet to face the issue of specialization within its professional schools or among its practitioners in the same manner as have accountancy and medicine. It is quite possible that the legal profession will take note of its sister professions' experiences and will introduce more opportunities for specialization in law school as well as specialty certifying examinations for practitioners.

## II. CURRENT DEVELOPMENTS CONCERNING PROFESSIONAL SCHOOLS OF ACCOUNTANCY

The trend in accountancy education is toward more pragmatic, more professional education somewhat analogous to the educational programs of the older professions of medicine and law. The movement toward schools of accountancy evidences this trend. While there have been only a handful of accounting schools established to date, and those only recently, there are several additional schools almost at the point of formal organization. In June 1977 the University of Florida formally announced the organization of the first completely separate school of accountancy. This is significant because until then no accounting school had experimented with the completely free-standing model that is so common in law and medicine. Florida's experience during the next few years, along with the experiences of other established schools of accountancy, will help determine the approaches taken by accounting education in the future.

Additional impetus to the professional school movement was given by the First National Conference on Professionalization of the Accounting Curriculum held in October 1976. A nucleus of representatives from the schools in attendance was appointed as a committee to consider forming a Federation of Schools of Ac-

countancy (FSA).<sup>10</sup> As a result of the continuing efforts of this group, the FSA was officially organized in December 1977. There are twenty-one schools represented in the FSA as charter-school participants.<sup>11</sup> Each school is committed to four objectives: (1) encouraging and assisting in the development of quality professional accounting programs extending through postbaccalaureate degrees within universities; (2) promoting, monitoring, and supporting the development of schools of accountancy; (3) providing a forum for the exchange of views among institutions interested in professional accounting programs; and (4) encouraging and supporting a broad spectrum of accounting research activities at member schools.<sup>12</sup>

Since 1973 the American Institute of Certified Public Accountants (AICPA) has been officially on record as endorsing professional programs in accountancy.<sup>13</sup> More recently the AICPA established a Board on Standards to consider proposed standards that, "when satisfied by a school, would justify its recognition by the accounting profession."<sup>14</sup> A joint committee of the AICPA and American Accounting Association is currently studying a proposed organizational unit that would consider all proposed standards prior to adopting a set of criteria for use in accrediting schools of accountancy. The accreditation process should be operational within three years.

### III. CONCLUSION

All of the above developments indicate there is considerable activity in accountancy education toward professionalization. As a relatively young and emerging profession, accountancy can

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10. Silviso & Dockweiler, *Foreword* to *SCHOOL OF ACCOUNTANCY, UNIVERSITY OF MISSOURI-COLUMBIA, PROCEEDINGS OF THE FIRST NATIONAL CONFERENCE ON PROFESSIONALIZATION OF THE ACCOUNTANCY CURRICULUM* (J. Silviso & R. Dockweiler eds. 1977).

11. FSA charter-school participants include the University of Alabama, Brigham Young University, the University of Denver, the University of Florida, the University of Georgia, Georgia State University, the University of Illinois, Indiana University, the University of Iowa, Louisiana State University, Louisiana Tech University, the University of Maryland, the University of Minnesota, the University of Missouri at Columbia, North Texas State University, Northern Illinois University, Oklahoma State University, the University of Tennessee, the University of Texas at Austin, Texas Tech University, and the University of Wisconsin at Madison.

12. Article II, Articles of Incorporation, Federation of Schools of Accountancy (as amended by the bylaws committee, Mar. 1978).

13. *AICPA Endorses Professional Schools of Accounting*, *J. ACCOUNTANCY*, Sept. 1973, at 20-21.

14. *AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS, BOARD ON STANDARDS FOR PROGRAMS AND SCHOOLS OF PROFESSIONAL ACCOUNTING 1* (1977) (final report).

learn much from its sister professions of law and medicine. For example, the evidence suggests that in the not-too-distant future schools of accountancy will be more like schools of law and medicine in assuming primary responsibility for educating the field's entry-level professionals. As has been suggested in the areas of combined undergraduate-graduate education and specialization, however, the interprofessional learning process can be two-way; even as an older child can still learn from younger brothers and sisters, medicine and particularly law can benefit by considering the issues and developments in accountancy.