

---

## Comment

# What is the real problem whither (or wither) accounting education in the new millennium?

*Jesse F. Dillard*

The proposal set forth by Professor Mathews to focus accounting education at the graduate level certainly has merit, but I would not presume to provide substantive insight or criticism with respect to its applicability and relevance for Australia and New Zealand. I have some sympathy for the concept of liberal education. Ideally, I would hope that such a proposal would be adopted, rejected, or modified, based on its educational merits, not on the criteria of whether it satisfies the employment criteria of a specific group of employers. Given past experience, there is little to suggest that such will be the case. Money and power tend to dominate such discussions especially when one camp has a great deal of both and the other has little of either.

Let me comment briefly on the state of accounting education in the US. Accounting education is an issue of obvious interest and importance to those of us who ply the trade of accounting educator and academic. However, it seems to some of us who have been in the trade for a fair number of years that the conversation, at least in the US, is continually dominated by the same parties espousing a surprisingly similar and uncreative mantra—"do what you are told because we know best." The situation boils down to two questions. First, the Big 5 *professional service*, formally CPA, firms must decide whether they want to be auditing firms or consulting firms.<sup>1</sup> If auditing firms, then they need accounting students. If consulting firms, as appears to be the case, then they need MBAs or the like. The Big 5 want to continue to control a segment of the academy (accounting schools and departments) as in the past, and they want that segment to recreate itself in order to provide entry level consultants. Second, the academic accounting community in the US must decide if it wants to continue as apologists for the Big 5. If so,

---

*Address for correspondence:* Jesse F. Dillard, KPMG Professor of Accounting, School of Accounting, University of Central Florida, Orlando, FL 32765. Email: [Jesse.dillard@bus.ucf.edu](mailto:Jesse.dillard@bus.ucf.edu)

<sup>1</sup> This is also a position taken by the Lynn Turner, the outgoing SEC Chief Accountant in a speech at the American Accounting Association's annual convention in Atlanta, GA, August 2001.

then the whims and fancies of the “customers” must be central to program and curriculum development, and the focus of mainstream academic research will continue to be noncritical and unreflexive. Until we come to grips with implications of these questions, any proposal and/or discussion of accounting education and the responsibilities of the accounting faculties is, as we might say, academic.

Albrecht and Sack’s (2000) American Accounting Association’s *Accounting Education Series* monograph is the latest in a series of “warnings” from our “customers.” This half million (US) dollar project funded by the Big 5, the American Institute of CPAs, Institute of Management Accountants, and the American Accounting Association, concludes that the academic community must do what we are told, follow along after our “customers” or face annihilation. According to the authors, the problem ultimately can be reduced to inadequate “value added” to the student product by the current accounting education process. Stated differently, the professional service firms are contending with the ongoing demand to generate “adequate profits.” Internally, the pressure for revenue growth is great. Externally, client pressure to reduce costs is equally pervasive. As well trained business people are want to do, there is a concerted effort to reduce costs, or improve productivity, or enhance the value added. If one accepts the dominate neo-classical economic model, then the motivation for the firms (and their apologists) seem to be rather obvious. Shift costs (training), reduce costs (lower salaries), increase productivity (more output for the same costs or the same output for less cost), and/or increase revenues. At bottom, the issue is one of wealth accumulation as is the case in most decisions these days within this world of global capitalism. With respect to accounting education, the professional service firm’s direct objective is to transfer its training cost from the firm to the public sector, the education suppliers, and/or the student. A more indirect objective with longer term implications is the increased billing potential (value added) of the inputs provided.

Under the current credentialing regime in the US, Professor Mathew’s suggestion is a viable alternative,<sup>2</sup> but of course we in the US would have to ask our “customers” whether the US academy could seriously support such a proposal, and then we would have to maintain close communication links with our customers in order to know from day

---

<sup>2</sup> The program suggested by Professor Mathews is an alternative that is currently allowable under the extant certification criteria in the US. However, there does not appear to be a ground swell of interest on the part of potential professionals in pursuing an accounting degree after a liberal arts undergraduate program or on the part of the firms in initiating such programs on a large scale. There have traditionally been a reasonable number of students who would return to school in order to acquire the necessary number of accounting hours but not necessarily enroll in a degree program.

to day whether our position should change.<sup>3</sup> Of late such information transfer has been made easier for us by virtue of the ever vigilant American Accounting Association and its appointed role of appropriately indoctrinating the academic community as to the “appropriate” positions to take on such issues. And of course we all will diligently fight the battle against “insulation and apathy” of the humanities and liberal arts traditions (Albrecht and Sack, 2000, 13) in order to provide an up to date, on time, low cost, state of the art product for our customers.

Albrecht and Sack (2000) continually refer to the market and its requirements as justification for making the wholesale changes in accounting education. The market place is viewed as the ultimate judge and arbitrator in all matters. However, as we well know, due to market failures and imperfections, markets are not allowed to operate. Toward correcting this irregularity might I make a modest proposal. I would suggest that the current education and degree requirements for professional certification remain at 150 hours and that the firms be charged a tax commensurate with the additional education required including any external (the state or otherwise) support of the program. In addition, I would suggest that an entry salary be paid to the new hire that would include a component equal to the opportunity costs associated with earning the extended accounting degree. If the proposal is implemented, the market forces would better reflect the real marginal costs associated with an accounting education and the markets would be better able to respond adequately and fairly in order to bring about equilibrium within the current chaotic market for accounting education. As this happens, our course of action as accounting educators and academics become perfectly clear allowing the abdication of any personal responsibility for whatever the consequences. This is the way with markets, is it not?

## Reference

- Albert, S. and Sack, R. (2000). *Accounting Education: Charting the Course through a Perilous Future*. Accounting Education Series, Vol. 16. Sarasota, FL: American Accounting Association.

---

<sup>3</sup> The academic community seems to have been somewhat remiss in comprehending the appropriate message with respect to the 150 hour rule. After a major and extended effort to implement the requirement in the US, “given the changes that have taken place in the profession, the 150 hour rule is almost universally seen as a mistake” (Albrecht and Sack, 2000, p. 30). The academic community and students are now stuck with a rather costly certification requirement that the profession, our customers, is not willing to support.