
Comment

The education of accountants—a comment

Scott Henderson

Professor Mathews has revived a flagging argument about reform in Australian accounting education. It is an overdue revival as there are, in my opinion, serious deficiencies in the way Australian accountants are prepared for their career. Unfortunately, there are also considerable impediments to reform. The difficulty in making changes is well illustrated by the Mathews Committee which reported to the Federal Government in 1990. It made numerous recommendations for change all of which were ignored.

I do not intend to comment specifically on Professor Mathew's very useful and thoughtful paper. I would, however, like to offer my opinions on reform of Australian accounting education. These opinions are not based upon any empirical research. They are simply opinions!

The current situation in Australia has been neatly summarised by Mathews. In general terms, there is a three year undergraduate degree with an accounting major followed by professional examinations which usually take two years to complete. The problems with this structure are well understood.

First, the concentration of professional courses in undergraduate degrees means that young Australians are forced to make career choices when they are only seventeen or eighteen years old. It could be argued that, in many cases, they are too young and inexperienced to understand the implications of their choices. In many cases, it is based upon misconceptions, parental pressure and a desire 'not to waste a good matric score'. The result is that many young people make poor career decisions which they find difficult to reverse. The Australian professions have too many misfits because of poor early career choices. In an ideal world, young people would be able to experiment with alternative careers before making a choice.

Second a three year degree is insufficient for an adequate coverage of general education, business education and skill training. Most other professions have undergraduate degree courses of more than three

Address for correspondence: Scott Henderson, School of Commerce, University of Adelaide, North Terrace, Adelaide. Email: shenderson@economics.adelaide.edu.au

years. The parsimonious treatment of accounting education probably says something about the status of accounting in the community.

In too many accounting degrees, the three year degree results in an emphasis on skill training with general education being skimped. There are several consequences of this emphasis. Many Australian accountants graduate with a 'tool box'. Technological and legislative change means that this set of skills will be worthless in very few years. Unless accountants have the ability to adapt to changes in the environment, they will not survive in the profession. An extensive 'tool kit' will not necessarily provide that adaptability.

Many Australian professionals (not just accountants) are ignorant. They know very little apart from their narrow professional skills. They know little about the world in which they practice their profession. Success in most professions depends more upon interpersonal skills than upon technical skills. Successful accountants, for example, are those who appeal to potential and existing clients. They are personable, persuasive and clients like them. The technological 'nerd' is condemned to the backroom. A more general education could make accountants more interesting, more empathetic and better accountants.

In many cases, accountants lack generic skills. Their oral and written communication is poor. It is assumed that the generic skills are acquired at school. It is apparent to most academics that this is an heroic assumption. Many undergraduates need further development of these lifelong skills. The short degree and concentration upon technical skills often squeezes out the development of generic, life long skills with the result that some professionals are barely articulate.

The concentration upon technical skills in the degree programme is duplicated in the professional examinations. It could, perhaps be argued that the acquisition of technical skills in the bachelor's degree is a good preparation for professional examinations. In addition, reinforcement of skills at the professional level leads to more skilful accountants. This may be true if these were life long skills. On the other hand, it seems inefficient to duplicate one aspect of accounting education when there is not room to cover all aspects adequately.

In my opinion, these perceived deficiencies can be overcome only if change is insisted upon by the accounting profession. There is little incentive for the universities, by themselves, to initiate any reforms. In general, reform would probably mean increased costs with no compensating benefits for the universities. However, if the profession requires changes, the universities will probably respond to protect their accreditation and student numbers. The first step in any reform process must be to persuade the profession that the current arrangements are flawed and that change would make accountants better able to practice

their profession over their working life and enhance the reputation of the profession generally.

An obvious solution would be for the accounting profession to require:

- a four year undergraduate pre-accounting degree;
- the first year of that degree to be devoted to studies in the humanities, social sciences or physical sciences;
- the remaining three years of that degree to be devoted to general business education including management, marketing, finance, law, taxation, computing, electronic commerce and communication. The study of accounting at this level would be limited to broad principles with limited detailed professional accounting;
- skill based professional accounting to be covered in detail in the professional examinations.

This proposal would go a long way to overcoming most of the perceived difficulties. It would improve the general education of accountants. It would reduce the duplication in the current situation. It could improve generic skills. It could provide a basis for adaptation by giving more than just a 'tool kit'. It would not overcome the problem of early choice of careers but I suspect that is the "Australian way" and that it will not be easily changed. However, the more general undergraduate degree would give students four years to experiment with various business disciplines leaving their options open before committing themselves to the accounting profession.

This change could not be effected without pressure from the profession. Universities would not voluntarily change because the extra year would increase their costs without additional government funding. This cost would presumably be born by other parts of the university or by outside fund raising. In addition, there is little evidence of community demand for a longer degree. Most students (and their parents) seem to want to 'get it over' so that they can enter the work force. An extra year would mean a higher HECS debt and the opportunity cost of not being employed.

No university would instigate this change alone. If it did, students would move to other universities where the three year degree was still available. The innovative university would lose its best students to competitors as a version of Gresham's Law became operative. This change could only happen if all universities moved at the same time and this would happen only if the profession required it.

Students seem little interested in matters which are not closely related to their chosen discipline. Their concern is 'relevant' skill acquisition. Where there are electives in current degree structures, students will usu-

ally choose something related to their major field. They seldom choose something in an unrelated discipline. It seems likely that, unless they are forced by the profession, they will not prefer education to training.

An alternative to this proposal would be a double degree including a three year general business degree instead of the four year degree. This could be a popular option as it is currently possible to get two related three year bachelor's degrees in four years. It is not certain, however, that two related degrees would provide the educational broadening envisaged by the four year degree proposal. It may be necessary to require that the two degrees be unrelated in which case it is unlikely that they could be completed in four years.

Another possibility is to move all accounting studies into a graduate school. At the undergraduate level students would complete a general liberal arts degree before going to graduate school for their professional education. This option would reduce the problem of early career choice. In principle, there is much to recommend this 'American' approach. In my opinion, however, the Australian idea that professional training is done at the undergraduate level is so entrenched that the idea of a graduate school is unlikely to be accepted by the community, by the universities or by the profession.

I conclude, therefore, by asserting that there are serious deficiencies in Australian accounting education and that they can be overcome only by pressure from the accounting profession. Without that pressure, there is no incentive to change. There will be readily anticipated costs associated with change but the benefits of that change are less apparent and are not widely understood. A simple cost benefit analysis by the universities will preclude any action. If, however, a failure to change results in higher costs than those associated with change, then progress is possible.