

A Strategic Model For Accounting Education

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Abstract

The need for significant changes in accounting education has been discussed for more than a decade, but this challenge has been unmet by educators and the profession. The purpose of this article is to discuss (1) the need for change in education (2) a model for accounting education, and (3) examples of how to improve accounting education. Accounting programs that adopt significant changes that provide students with the necessary skills will thrive in the future and continue to supply the profession with a sufficient supply of qualified graduates.

1.0 Introduction

Professionals and educators have discussed the need for significant changes in accounting education for more than a decade, beginning when the Bedford Committee issued their report *Future Accounting Education: Preparing for the Expanding Profession* (AAA, 1986). However, the need for keeping up with increasingly complex and constantly changing skills for entry-level accountants represents an unmet challenge by both accounting educators and professionals. The purpose of this article is to discuss (1) the need for change given the new competencies required by the profession, (2) a model for accounting education to use as a base when addressing concerns of the profession, and (3) examples of how to improve accounting education.

2.0 Change In Accounting Education And Core Competencies Of Accounting Professionals

Six major works have recently addressed the changing educational needs of accounting professionals: (1) *Perspectives on Education: Capabilities for Success in the Accounting Profession (White Paper)* (Arthur Andersen & Co.et.al., 1989), (2) *AICPA Vision Project* (AICPA, 1998), (3) *What Corporate America Wants in Entry-Level Accountants* (IMA, 1994) (4) *The 1996 Practice Analysis of Management Accounting* (IMA, 1996), (5) *Counting More, Counting Less: Transformations in the Management Accounting Profession* (IMA, 1999), and (6) *Accounting Education: Charting the Course through a Perilous Future* (Albrecht and Sack, 2000). The first two studies concentrate on major core competencies needed by accounting professionals in both public and corporate accounting. The third, fourth, and fifth studies issued by the Institute of Management Accountants addressed the management accounting knowledge, skills, and abilities necessary for competent performance in corporate accounting. The final study, which was a joint project of the major accounting professional organizations and the Big 5 accounting firms, criticized the lack of responsiveness of accounting education to the aforementioned research. This most recent study warned that the survival of accounting education is dependent upon closing the gap between irrelevant accounting education and current professional accounting practices. Educators must carefully analyze recommendations in these studies and incorporate those ideas consistent with the mission of their accounting programs.

The skills and competencies found important in public and corporate accounting (hereafter referred to as the accounting profession) from the AICPA's Vision Project and IMA's Practice Analysis Projects, respectively, are listed in Exhibit 1. There are many similarities among the competencies listed and both groups encourage educators

Readers with comments or questions are encouraged to contact the authors via email.

to consider these factors in the development of their curricula. Incorporation of these competencies into our classes will allow us to restore relevancy into our curricula and close the perceived gap between accounting education and professional practice.

EXHIBIT I	
Competencies and Skills Found in AICPA Vision Project and the IMA Practice Analysis Projects (AICPA, 1998: IMA, 1996)	
IMA Practice Analysis Project	AICPA Vision Project
Listening and interpersonal skills	Communication and leadership skills
Analytical/problem solving skills	Strategic and critical thinking skills
Relationship between balance sheet, income statement, and cash flow statement	Interpretation of converging information
Use of computerized spreadsheets	Technologically adept
Work ethic	Focus on the customer, client, and market

In their recent study of accounting education, Albrecht and Sack (2000, pp. 1-2) question the viability of accounting education and cite the following problems: (1) the number and quality of accounting majors is decreasing rapidly and students perceive accounting degrees as less valuable as in the past and also less valuable than other business and non-business degrees, (2) practicing accountants and accounting educators would not major in accounting if pursuing their education again, and (3) accounting leaders and practicing accountants perceive current accounting education as outdated and broken with a significant need for modification. Due to the continuously declining enrollments of accounting students, the authors predict decreasing budgets, decreasing faculty positions, and the possible elimination of accounting programs if action to remedy our problems is not taken.

3.0 A Model For Accounting Education

The AACSB supports the development of a mission and strategic plan for each school or department (Albrecht and Sack, 2000, p. 60). Albrecht and Sack indicate

It is critical that you not let your response to our educational crisis simply evolve. We strongly encourage you to establish a strategic-planning process for your department and to place the responsibility for that planning process on the most qualified, committed faculty you have.

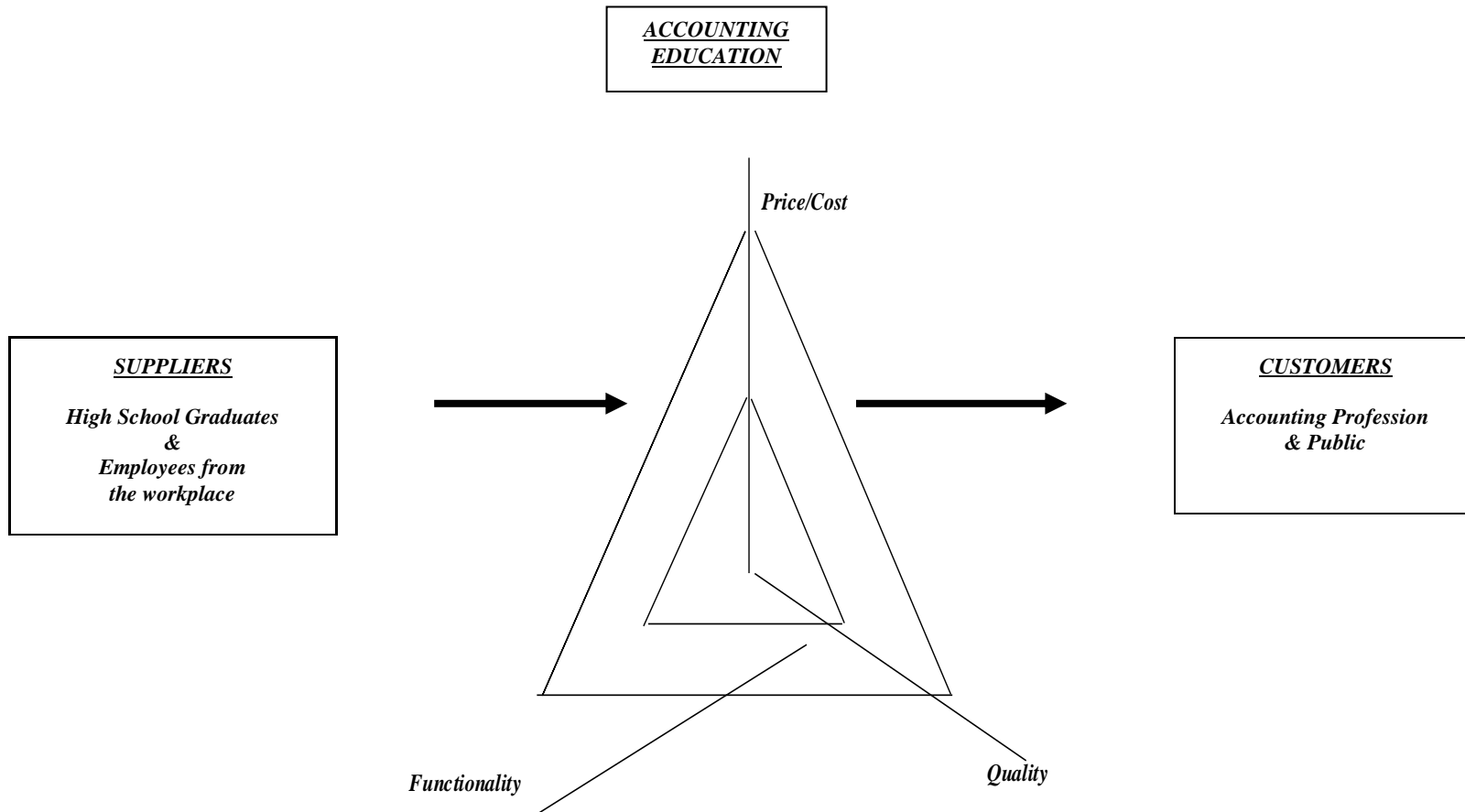
Given this charge, it is important that systematic application of this strategic planning process considers factors critical to the survival to the accounting program. We apply the concept of a survival triplet discussed by Cooper and Slagmulder (1997, p. 5) to assess dimensions of our accounting programs and their acceptability to our customers. (Cooper and Slagmulder, 1997, p. 5). This survival triplet is useful in determining the likelihood of success of products, in this case our accounting programs.

The survival triplet (See Figure 1) has three dimensions that define a product: (1) cost/price, (2) quality, and (3) functionality. A survival range is determined by minimum and maximum values on each dimension for a product to be successful. A difficult issue currently facing accounting programs is the continuous fluctuation of the relative importance of these dimensions based upon competition at any given time.

The concept of the survival triplet is helpful in determining what strategy is appropriate to adopt in organizations - a cost leadership, differentiation, or confrontation strategy (Slagmulder & Cooper, 1997, pp. 4-8). Cost leadership and differentiation strategies are successful when there are large survival zones with significant differences between the minimum and maximum values on at least two of the dimensions. The ability of

Figure 1

**ACCOUNTING EDUCATION USING
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organizations to create distinct products with high values on one dimension and low values on the others increases as the gap between the minimum and maximum levels widens. Firms that compete on the price dimension emphasize the cost leadership strategy, while differentiation strategies are used by firms that compete on the functionality and quality dimensions.

If organizations encounter increased competition with many well-run (lean) organizations, survival zones become very narrow and differentiation is no longer possible. The same customers are pursued with equivalent products and at this point, a confrontation strategy is appropriate. According to Cooper and Slagmulder (2000, p. 7), "Firms that adopt a confrontation strategy must become experts at developing low cost, high quality products that have the functionality customers demand." This confrontation strategy is necessary when competing organizations react fast enough to make product-related competitive advantages unsustainable over a long period of time.

It is not necessary or advisable to expend equal effort to improve all three dimensions of the survival triplet (Cooper and Slagmulder, 1997, p. 39). Successful organizations select an appropriate rate of improvement for each of the three dimensions. The greatest emphasis should be on the dimension that is in the greatest demand in the market in which a particular accounting program wishes to compete.

Today, increasingly competitive educational environments are determining the range of acceptable prices for educational products. There are significant differences in the price of education at various schools, particularly when comparing private versus public institutions. However, at any institution, the price for accounting education is determined by the same fees charged to each student by the school, which offers a broad range of academic programs. Therefore, while there is price differentiation in the initial choice of a school, once the student begins attending there is little price differentiation in the completion of different undergraduate degrees. The price of a program increases substantially when the profession requires an advanced degree, such as medicine, engineering, law, etc.

Prior to the implementation of the 150-hour requirement for accounting education, the cost of the educational program was similar to other undergraduate programs. With the requirement of additional costs to obtain sufficient hours to sit for the CPA examination, accounting programs now have moved themselves into the maximum values on the price dimension of the survival triad. Criticisms have been levied that the functionality and quality of the accounting programs have remained largely unchanged, even though we are requiring the accounting students to incur a greater cost (Cooper and Slagmulder, 2000). Therefore, the perceived value of the educational processes remains the same while the price, especially when one considers the opportunity cost of another year of unemployment (often a \$35,000 - \$45,000 cost), has increased drastically. This poses an even greater problem for accounting programs as they recruit against increasingly attractive alternative career paths in information technology, finance and others that typically require only undergraduate degrees to complete their programs

In the context of this article, quality is narrowly defined as "performance to specifications." This definition assumes that once the educational products are designed, quality of the services is determined by the accounting program's ability to deliver the stipulated services. This strict definition allows quality and functionality to be considered as two separate characteristics. This suggests that the effective delivery of courses in the manner they were designed is sufficient to provide quality services. Functionality is defined by the ability of the product to meet the needs of the customers of the accounting program. One example of functionality commonly measured by accounting programs is the ability of their graduates to successfully complete the CPA, CMA and other professional examinations. Other measures of functionality may focus on the skills of students that meet the needs of employers.

The value chain spanning from high school education to higher education to the accounting profession must be considered when developing these educational processes. Notice that Figure 1, which was previously discussed, also depicts the value chain in the educational processes. Value-added educational

processes must ensure satisfactory quality and functionality to students and their employers at an acceptable price. Participants in the process include teachers, advisors, and administration at both the high school and collegiate levels. Other key participants are the users of the products of accounting programs, which include accounting professionals and the public providing resources to fund the education.

In today's competitive environment for capable students, accounting educators and the profession need to be sensitive to an ever-increasing number of issues. Functionality of the accounting program will consist of both educational and personal needs. Some of the most important educational issues students face are finding an interesting academic program which leads to a rewarding career, the time to complete their program, and flexibility of programs to accommodate work-related and personal activities. Specific examples of educational needs may include qualifying for desirable employment after graduation, scheduling of classes to accommodate work activities, or possibly using distance-learning technology to minimize transportation time and costs. Personal needs include a variety of issues including adequate day-care programs for dependents, student counseling for financial and personal needs, fulfilling transportation needs, interesting social functions, etc. Fulfilling these needs requires continuous assessment of students to determine where resources should be expended.

The design of accounting programs must focus on developing skills of students to meet the needs of the accounting profession. A concern sometimes expressed by students and practitioners is that accounting courses emphasize rote memorization of an abundance of knowledge without development of a clear understanding of how this information was obtained from multiple sources or the ability to apply this knowledge in the broader context of the business. Albrecht and Sack (2000, pp. 50-51) report that critics of traditional accounting curriculum argue for a complete overhaul of course content and curriculum. For instance, they contend that the traditional accounting programs inappropriately emphasize:

- introductory accounting courses emphasizing debits and credits, financial statement preparation, cost accumulation, and the preparation of budgets,
- "financial accounting fast" intermediate courses covering detailed rules and pronouncements related to financial statement line items, and
- "managerial accounting fast" cost accounting courses that go into more detail on material covered in introductory managerial accounting.

Given their position on the strategic triad, accounting programs need to develop effective improvements throughout their curricula to respond to these criticisms.

4.0 Improving Accounting Education

Educators seldom have much control over the pricing of our product. However, we can make great strides in improving functionality and quality, which deserves further attention.

The implementation of changes in accounting education requires that educators and practitioners collaborate in: (1) early identification of prospective accounting students with both technical and non-technical skills, (2) continuous marketing of the benefits of the accounting profession to capable students throughout their educational experience, and (3) the development of an accounting curriculum and early professional experiences that incorporate the skills essential to the career of an accounting professional. The following factors are important to consider as accounting programs improve the functionality and quality of their educational processes.

4.1 Recruiting Talented Students

There is a great need for a sufficient quantity of capable accounting students to join the profession. Albrecht and Sack (2000, pp. 19-29) discuss a significant decline in accounting degrees and student enrollments in accounting programs (20 and 23 percent declines, respectively, from 1995-1998). A number

of perceived reasons expressed by practitioners and educators may be responsible for the decline of majors in accounting, including: (1) lower starting salaries than for other business majors, (2) more attractive career alternatives than in the past, (3) a greater willingness to choose risky majors, (4) a lack of information and even misinformation about accounting careers, and (5) an increase in the opportunity costs of meeting the 150-hour education requirements and a lack of non-value added activities in education (Sack and Albrecht, 2000, p. 23). From these comments, it is clear that both the functionality and quality of our accounting programs and of the profession are being challenged. The only effective way of alleviating these problems involves collaborating with everyone in the value chain, including teachers and counselors at high schools and accounting professionals.

4.2 Development Of Professional Skills

Rather than focusing primarily on knowledge acquisition and classroom problem-solving activities, academic course work needs to expand to include the development of a variety of technical and non-technical skills, such as teamwork and leadership (French and Coppage, 1999, p. 4). Albrecht and Sack (2000, p. 54) indicate that:

Students forget what they memorize. Content knowledge becomes dated and is often not transferable across different types of jobs. On the other hand, critical skills rarely become obsolete and are usually transferable across assignments and careers. Accounting education has frequently been criticized for spending too much time on content mastery and too little time and effort to helping students to develop skills that will enrich their lives and make them successful.

The development of a broad range of skills emphasizes the need for competency-based accounting education (French and Coppage, 1999, p. 4-5). Competency-based education focuses on the mastery of a desired set of skills that is systematically developed during the educational process. Accounting educators need to incorporate these skills into their accounting curriculum and continuously assess their effectiveness to meet the needs of the professional. Development of a broad range of skills necessary to be successful in accounting and business will bring relevancy back into the curriculum and students and professionals may perceive accounting as a more attractive career choice.

4.3 Changing To A Learning Paradigm From A Teaching Paradigm

An effective learning environment does not require the use of a specific teaching strategy to develop professional skills. Our traditional classroom approach to teaching accounting emphasizes the use of classroom lectures to transmit classroom material to students. The true measure of the success of a pedagogical approach is the level of student learning that takes place, independent of the manner in which the information is delivered (French and Coppage, 1999, p. 5). According to a recent study by Albrecht and Sack, (2000, p. 53), critics of pedagogy in our accounting programs noted the following deficiencies:

- There is too much emphasis on memorization and our tests are based primarily on recall,
- There is too much lecture, reliance on textbooks as course drivers, and a "faculty knows best" attitude in the classroom,
- There is a reluctance to develop creative learning techniques such as team work, videos, case analysis, etc.,
- There are not enough "out-of-classroom experiences" used, such as internships, field studies, service-learning assignments, etc.

French and Coppage (1999, p. 5) supported similar innovative pedagogical styles and suggested that greater collaboration with students in the educational process enhances learning. Accounting educators must motivate students to fully understand their increased responsibilities in the learning process by emphasizing the likelihood of greater educational outcomes.

4.4 Managing The Educational Processes

As accounting education adopts many of the recommended changes, the primary role of an educator changes from the delivery of accounting knowledge through classroom lectures to managing the educational processes (French and Coppage, 2000, p. 6). As managers, accounting educators assume many responsibilities that cross the entire value chain, including (1) establishing relationships with traditional high school students, teachers, counselors, and businesses where prospective nontraditional accounting students work to market the attractiveness of the profession, (2) establishing relationships with accounting professionals that employ our graduates to allow continuous assessment of necessary skills and development of markets for our graduates, (3) deciding upon the correct mix of pedagogical styles that maximizes the learning process and not just adopting yesterday's outdated approaches to teaching, (4) assessment of skills needed in the accounting profession and incorporation of them into the classroom, (5) applied research that supports the profession and classroom activities and maintains a high level of competency in our areas of expertise. Through effective management and collaboration with high school educators and accounting professionals, accounting educators should be able to improve the quality and functionality of their accounting programs.

4.5 Need To Exploit Technology

Accounting educators have not fully recognized the capability of technology and its application to the classroom. Albrecht and Sack (2000, p. 57) indicate that:

Technology has revolutionized everything, including the way we live and work. It should have caused us to completely rethink everything we teach, not just whether we should add an Internet or spreadsheet assignment. Technology has made business models and transactions more complex, has shortened product life cycles, and has been the enabler for dynamic change in the business community. It has created a demand for instant feedback and instant answers. Our students understand how technology has and will continue to change the way we provide and use information to make decisions. Critics argue that many educators have still not caught the vision of what this means.

Other technology that can be incorporated into the classroom includes the use of distance learning in a variety of ways. Through the utilization of technology, interactive lectures with experts in a particular area of accounting may be brought into the classroom. Additionally, selected electives may now be offered to students that may have not been offered at smaller schools due to limited resources. The bottom line is that we need to be creative in our use of technology in delivering accounting education and in the development of student skills.

4.6 Reducing The Price Of Accounting Education Through Internships

When comparing prices among the other professional schools that require advanced degrees, significant price reduction occurs when lucrative residency/internship programs are offered to students completing their studies. Therefore, to be competitive on the price dimension of the survival triplet, an accounting educational program emphasizing an advanced degree may wish to strongly consider internship programs that allow their students to defer a significant portion of their educational costs and to lessen the opportunity cost associated with not pursuing employment opportunities after completion of a four-

year undergraduate program. One caveat must be considered in using this strategy. Accounting firms must make the internships attractive both monetarily and from a career perspective. These internships will be exposing students to future job responsibilities. If menial and uninteresting responsibilities are assigned to the interns, this may influence them to choose attractive alternative career paths.

5.0 Conclusions

If the dimensions of the survival triplet are monitored carefully, accounting education will hopefully thrive. Unfortunately, Albrecht and Sack (2000, p. 43) state that changes in accounting education have not been substantive or pervasive enough and that many of changes have been in the wrong direction. Declining resources available in accounting programs have resulted from a lack of leadership and direction in accounting education. Albrecht and Sack (2000, p. 58) indicate that:

Few accounting programs have a distinct personality; most of them are clones of other programs.... While this copycat strategy has been successful in the past - where supply, capacity, and demand were in equilibrium and where instantaneously available information did not readily expose schools' weaknesses - it will not work in the future...With more information available about the strengths and weaknesses of individual schools, and with schools having differing resources, quality of students, and faculty passion, some schools will not be competitive in the future if they do not define a specific strategy that exploits their competitive strengths. Without proactive action by accounting program leaders, we may soon see the demise of many stand-alone accounting programs. Our accounting faculty will either be terminated or absorbed into other departments. We can stop, or at least slow down, this demise by addressing the issues discussed earlier...

6.0 Suggestions For Future Research

Researchers must continue to report changes in accounting curriculums that are responsive to the needs of the accounting profession. As schools more actively assess their accounting programs (which is required by the AACSB), they need to closely analyze and report the impact of these changes and benefits received by students and the profession. Educators must continue to evaluate perceptions of curriculums across the country by prospective students, current students, and practitioners if we are to sustain a continuous demand for and supply of accounting graduates in the future. 📖

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**ACCOUNTING EDUCATION USING
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Figure 1

