

A Comment on the Accountability of the Accounting Profession

Dr. Gary B. Kleinman, Accounting, New Jersey Institute of Technology
Dr. Gail E. Farrelly, Accounting and Information Systems, Rutgers University

Abstract

This essay reflects on the history, present status, and future promise of the accounting profession. Comparisons are drawn between accounting and the professions of medicine and law. The critique of the profession made by Walter P. Schuetze, former Chief Accountant to the SEC, and the formal response of the profession to this critique are examined. The essay also provides some preliminary suggestions for limiting the use of accounting techniques that do not conform to professional literature and practice. Included in the essay is a discussion of the 1994 report of the Advisory Panel on Auditor Independence, a panel appointed by the Public Oversight Board of the SEC Practice Section of the AICPA.

Introduction

In "A Mountain or a Molehill?" Walter P. Schuetze (1994), the former Chief Accountant to the Securities and Exchange Commission, discusses the concept of auditor independence, providing a number of concrete examples of cases where it seems to be lacking in the current auditing environment. This essay -- first delivered in a January, 1994, speech to a gathering of accountants in Washington, D. C., when Mr. Schuetze was still serving in his post at the SEC -- is a critically important address to the accounting profession. It deserves attention, discussion, and most important, action. In our essay, we consider and critically examine the formal response made by the profession to Schuetze's remarks. We also reflect on these remarks in light of the history, present status, and future promise of the accounting profession. In doing so, we draw on comparisons between accounting and the professions of medicine and law.

We also provide some suggestions of what the profession could do to attempt to eliminate, or at least limit, accounting stances that do not conform to professional literature and practice. These suggestions are not final solutions but merely beginning attempts to grope with some issues that threaten the future viability of the profession. Schuetze mentions that some senior people in the profession think that in highlighting what he calls "incredible" (that is, professionally insupportable)

accounting proposals, he is "making a mountain out of a molehill." To the contrary, we believe that not to deal openly with such issues is to make a "molehill out of a mountain." That's simply unacceptable, if accounting expects to retain the status of an independent profession, granted autonomy by society to regulate itself in the public interest. In 1987, Zeff (p. 65) wrote:

...during the last ten to 15 years, fundamental changes have been occurring in the accounting profession that threaten its cohesion and sense of purpose....In recent years, a perverse self-interest has come to dominate the traditional interest in the welfare of the profession, and the competitive edge in professional practice has become sharper than ever before. Leaders of the profession have begun to wonder out loud whether "profession" is still a meaningful term.

Schuetze's essay indicates that Zeff's comments are even more applicable now, than they were when first published in 1987. Internal and External Sources of Independence

Accounting is not the only profession coping with independence issues. Professionals in other fields are being asked whether their loyalty is to themselves, to an organization, or to their profession. National health care is in the news daily, with important questions being raised

about the commitment and the level of service provided by health care professionals. And the independence of academic researchers in the medical field is subject to question. Altman (1994, p. C3) wrote in The New York Times that a Harvard professor "...has charged that public relations firms hired by drug companies -- furtive spin doctors -- are ghostwriting articles in the journals to suit clients' interests."

Likewise, the legal profession is not immune to questions about the quality of service to the public. Court TV and unfavorable publicity on the liability crisis have put it under public scrutiny more than ever. According to Derrick Bell (1994), a former member of the Harvard Law School faculty, the greed of many practicing attorneys has negatively affected the reputation of the legal profession.

Much has been written about the concepts of integrity, objectivity and independence. It seems important to first look at how these concepts are defined in the AICPA Code of Professional Conduct. Article III deals with integrity. Here it is stated that:

Integrity is an element of character fundamental to professional recognition. It is the quality from which the public trust derives and the benchmark against which a member must ultimately test all decisions.

Objectivity and independence are covered in Article IV, which states:

Objectivity is a state of mind, a quality that lends value to a member's services. It is a distinguishing feature of the profession. The principle of objectivity imposes the obligation to be impartial, intellectually honest, and free of conflicts of interest. Independence precludes relationships that may appear to impair a member's objectivity in rendering attestation services.

Previts (1985) sees independence as a function of character. Kleinman (1988) and Kleinman and Palmon (1989) look at independence as springing from forces that are both internal and external to the individual. Schuetze (1994, p. 75) includes both of these types of forces, in describing the rewards of saying 'no' to a client when professional integrity requires it: "...a clean conscience, not having to worry about losing lawsuits based on the merits, and pride in the profession and the credibility of financial accounting and reporting." In this quote, an external force (lawsuits) is sandwiched between two internal forces, conscience and pride.

Schuetze also discussed the importance of independence in appearance as well as in fact on the part of the auditor. A parallel example in the legal profession is worthy of

mention here. Judge Lance Ito was chosen for the OJ Simpson case -- in spite of the fact that his wife is a high-ranking woman in the Los Angeles Police Department. An auditor in similar circumstances could never be considered independent. The difference, of course, is that the judge's actions, unlike those of the auditor, are so directly observable and subject to evaluation. Independence in appearance ceases to be important because the standard of independence in fact is so clearly and openly enforceable.

Auditing is not, of course, directly observable by the general public or any segment thereof. But to the extent that the results of audits (peer evaluations of work performed and accounting choices chosen) can be made more open to the public view, it would seem that more emphasis could be placed on what really counts -- independence in fact, rather than independence in appearance.

In the profession and in society in general, emphasis is put on the EXTERNAL forces keeping one "on the straight and narrow;" that is, there will be some sort of "disciplining" by others if one breaches a moral code. The problem is, of course, that external compliance cannot be constant, so one is punished only if caught. In this respect, INTERNAL forces are much more appealing, since compliance is constant. The self is always present to monitor action. The problem is that we know very little about what develops the internal forces affecting independence. We assume that formal education has a role to play and so it makes sense that ethics is receiving more emphasis in accounting programs across the country. But obviously this is not enough.

Freidson (1970), a noted sociologist renowned for his studies of professional commitment, noted that the settings in which practitioners practiced after graduation had a greater effect on practitioner behavior than did attitudes on graduation from medical school. And Brin (1981), comparing the literature on professional deviance of accountants and lawyers, stressed the importance of the work setting in helping to determine the degree of unethicity of behavior. This research indicates that accounting firms have a critical role to play in inculcating and enforcing professional behavior.

There is evidence (Schroeder and Imdieke 1977; Sorensen and Sorensen 1974; Hall 1967) that new entrants to professional accounting firms show higher levels of commitment to the profession than to their employing organization. This evidence also indicates a tendency, as their employment continues, for organizational values to increase in relative importance and commitment to the profession itself to decrease. This means it's essential that the values of the individual firms be congruent with those

of the profession. It also indicates the high level of responsibility that the firms have in creating and maintaining the proper environment, because new recruits will tend to take on the values of the organization.

We cannot say with precision what creates an individual's ethical or moral sense. It does seem, however, that education and environment (along with lots of other variables) have roles to play. Jacques Barzun (1941) once suggested that individuals bear the same relationship to their early childhood as a tree does to the acorn from which it sprang. The tree both retains essential elements of that acorn and yet is something other than it was. In the same vein, accounting firms help to finalize the "blossoming" of their recruits. Perhaps educators can do a better job of training in ethics as the "acorns" develop; nevertheless, it is the accounting firms that must support the new recruits the next step of the way, once their formal education is completed. It is within this environment that recruits will continue to build their own "internal" mechanisms that will monitor their behavior for their professional career.

The Profession's Response

The Public Oversight Board (POB), of the SEC Practice Section of the AICPA, concerned with the issues of independence and objectivity in the auditing profession, appointed a three-person Advisory Panel on Auditor Independence. After a six-month study, the Advisory Panel issued its findings in a detailed report (September 13, 1994). This report deals with a variety of aspects of the current auditing environment.

A. A. Sommer, Jr., Chairman of the POB, summarized some major conclusions of the Panel in a letter accompanying the report:

The report urges the accounting profession to look to the board of directors -- the shareholders' representative -- as the audit client, not corporate management. It calls for a direct interface between the entire board and the auditor at least annually, and an expanded interface with the audit committee.

To increase the value of the audit, the Advisory Panel calls for a new level of candor from the audit. Auditors would not only apprise the board of what is acceptable accounting, they would be expected to express their views, as accounting experts, on the appropriateness of the accounting principles used or proposed by the company...

On client advocacy, an issue of great concern to Schuetze, the Advisory Panel (1994, p. 35) indicated that according to the 1994 SEC Staff Report on Auditor

Independence, "...the number of instances in which questionable client advocacy has been established is very small in relation to the number of audited financial statements filed with the Commission." The Panel also re-emphasized a number of recommendations made in 1993 by the POB. One of these, Recommendation No. V-3, was that the AICPA should undertake a project "...to sharpen further the distinction between client advocacy and client service and incorporate that distinction into the profession's Code of Professional Conduct..." The POB, in its 1993-1994 annual report (p. 3), critiqued the AICPA draft of a proposed interpretation of the Code of Professional Conduct – an interpretation sharpening the distinction between client advocacy and client service. According to the Board: "The proposal puts the emphasis on client service when it should be on the public interest."

In the matter of standard setting, the Advisory Panel expressed the view that it was inappropriate for communications to the FASB on accounting policies to come jointly from the Big 6. In its 1994 report (p. 25), the Panel commented that: "Individual firms and duly constituted committees of professional organizations such as the AICPA are the appropriate vehicles for communicating with standard setters."

In his essay, Schuetze had described four cases in which he considered the accounting techniques sanctioned by the auditors to be "incredible." The Advisory Panel obtained from the auditors for each of the four cases a written summary of the cases and defenses as seen by the accounting firms. The Panel concluded (p. 36) that "...the issues, at least in part, do not appear to be as black and white as Mr. Schuetze portrayed them." Surprisingly, the Panel did not see it as part of its job description to "...be the arbiter of who was right and who was wrong in each of the four cases or whether they were, in fact, incredible." Yet one wonders why the Panel did not at least express its views on these specific cases. If the accounting profession wants to continue to regulate itself, isn't it the job of its members to take a stand on arguable issues? Barzun (1984, p. 102) states:

What all the professions need today is critics from inside, men and women who know what the conditions are and also the arguments and excuses, and in a full sweep over the field can offer their fellow practitioners a new vision of the profession as an institution.

As indicated in Audit Committees -- A Pivotal Role, a recent Deloitte & Touche publication (1995, p. 2), "In response to their critics, the accounting profession and others associated with corporate financial reporting have been in a period of intense introspection and self analysis." But ACTIONS are so much more important than WORDS.

If accountants don't practice what they preach, then reports, recommendations, and the findings of task forces are meaningless. For example, disputes about corporate governance have become quite frequent, with shareholders demanding a high level of accountability from board members. As recognized by the POB, an auditor has an important role to play in the ever developing world of corporate governance. But even a "hint" of a lack of independence of accountants can be a problem. There have been such "hints" in the media about some ongoing governance disputes, and this is unfortunate -- both for the individual firm and for the profession as a whole.

In 1924, Henry Rand Hatfield, in "An Historical Defense of Bookkeeping," described the stigma attached to the profession of accounting as follows: "The scientists and technologists despise us as able only to record rather than to perform deeds." It's interesting to note that now, seventy years later, there is still a stigma, but an opposite one. Accountants are often criticized for becoming too involved in consulting and therefore losing their objectivity. Now the accusation is that there's too much "performing" of deeds and not enough emphasis on "recording." Accountants just can't seem to win. It's a balancing act the profession is criticized for not mastering very well. The remainder of this essay discuss some preliminary suggestions for how a better balancing might be accomplished.

Discussion of Accounting Techniques in Practice

It's important that creative or unusual accounting techniques be openly discussed and criticized by accounting professionals. This should include specific instances of the application, non-application and "stretching" of GAAP. We don't see enough of this kind of discussion in accounting and business literature. It's left to the financial press to dig up and expose examples of "improper" accounting. Since the profession is seldom given the opportunity to respond in these cases, the public only gets to see the viewpoint of the non professional, and that's unfortunate. Perhaps there is no reasonable response to some of these examples of "improper" accounting; but on the other hand, maybe there is a unique quality to some of these examples. Every business organization is somewhat unique. It could be that, in exceptional cases, a non-traditional approach was appropriate. Perhaps a traditional application of GAAP, instead of providing proper disclosure to investors, would have been misleading. Or, GAAP may have been strictly applied but just didn't do the proper job of disclosure. It may not be flexible enough to deal with all the complexities of a constantly changing business environment. In any event, these cases should be brought out in the open and discussed. If GAAP is to improve over time, we must know

about the cases where it doesn't provide excellent disclosure. After all, generally "accepted" doesn't necessarily mean generally "good."

We should be striving for a financial reporting system that emphasizes the "spirit" of GAAP -- although it's difficult in a business environment that is so complex. Catlett (1980, p. 20F) has commented:

The accounting profession should cast aside its fetish for voluminous rules and recognize that making more subjective judgments in applying established accounting standards is neither to be shunned nor deplored. Such judgments are, in fact, a hallmark of any true profession. If the accounting profession deserves to be known as such, it must assume this responsibility. If it does not, the time will come when the opportunity will be lost.

More accounting commentary in the literature might make it easier to aim for the "spirit" of GAAP. If it became routine for the profession to discuss and critique instances where the "spirit" of GAAP appeared to be violated, then non-independent accounting might be reined in before it got to the point where it had to be handled by the SEC. Without the criticism of financial reporting in SPECIFIC cases, we really don't have a very good system in place for improving financial reporting. Academics tend to do research on the effectiveness of GAAP by lumping lots of companies together by size, by industry, or by some other classification. Although valuable, this kind of research is not especially useful for showing how GAAP works or doesn't work in specific instances. Yet this is information that is very much needed.

In 1987, Zeff bemoaned the fact that partners write very little in professional journals. Today the accounting literature could still use more contributions from practitioners. We believe that the open critique and discussion of "unusual" accounting practices should be an important part of professional journals. This may be the best way of achieving two important goals of the profession: 1) improving GAAP, as specific instances of where it's not working are revealed; and 2) cutting down on the instances of non-independent accounting practices.

Let's consider a case in which Company A is attempting to coerce Accounting Firm B to agree to a technique unacceptable under GAAP. The greater the chance that this is a choice that will be subject to professional and public scrutiny, the stronger will be the pressure on both A and B to resist the temptation to make use of a questionable accounting practice. If it's a position that has a strong defense, perhaps both parties will choose to go with it. But without a defense, both parties may suffer a loss of reputation which could be devastating. Let's face it. The

chance of being caught should deter both A and B from a wrongful action. We still need to do much more research about how the inner commitment to independence is developed, but we do know that the external threat of public exposure is a successful deterrent. Therefore, we should attempt to increase the likelihood of "non-independent" practices being both exposed and openly critiqued.

In the Arthur Conan Doyle novel *The Hound of the Baskervilles*, the critical clue that helped Holmes and Watson solve the case was the failure of the dog to bark. Similarly, the lack of "barking" in the accounting literature is an important clue about a serious problem within the profession. If the profession meets the straying from independence with silence, there is little to prevent future straying, which will probably grow in even more outrageous ways. If there is little outcry from the profession when one uses principles that begin to veer from general acceptance, then there is little pressure, at least of the external kind, to preserve independence. What this means is that principles that really are not "generally accepted" actually become used more widely. The perception of acceptability in practice becomes wider and wider. The perceived parameters of acceptability are so broadly drawn that the philosophy, the strength, and the usefulness of GAAP become lost in the process. More debates among practitioners in the professional literature about specific examples of GAAP applications would help to move the profession on to new standards of excellence. It would also act as a deterrent to the clearly indefensible use of "non-independent" accounting. It is only human nature to be very selective and careful about actions that may have to be defended in a public forum.

We don't see this proposal as significantly adding to the endless-debate and the lack-of-timeliness difficulties associated with standard setting. Ongoing critique and discussion by professionals of the application (or non-application) of standards already in place may even expedite, rather than delay, decisions about new standards.

The Need for Organizational Structures Supportive of Independence

Earlier in this essay, we pointed out that the AICPA considers objectivity a "state of mind." In order to be maintained and enhanced, this state of mind must exist in an organizational environment that's supportive of independence. Basically, the individual's mind set should mirror the world. But we don't see much evidence -- either in the accounting environment or in the general business environment -- that would support a mind set of independence. In fact, the very opposite is the case. Immersion in the lucrative field of management consulting

has changed traditional structures in accounting firms, changed them to the point where it may be difficult for one to achieve success in "merely" an auditing career. In a recent article, Berton (1995, p. B1) indicates that:

Big Six firms say consulting currently accounts for between 25% and about 50% of their total revenue, with Arthur Andersen & Co. at the pinnacle. Ernst & Young, where consulting represents about a third of revenue, wants to push that proportion higher because consulting usually generates higher profit margins than auditing and tax work.

And Berton goes on to quote Jon Madonna, Chairman of KPMG Peat Marwick, as saying: "The opportunities for growth aren't occurring in the traditional businesses of auditing and tax,...Consulting is where we plan to press the right buttons in the future." One cannot help but wonder about the future of auditing in an environment in which consulting is such a growth industry. Within some firms, consulting activities may be confined to a division separate from auditing and tax; yet this may not be enough to preserve the independence of the audit function.

When accountants first began to extend their services to consulting, it was expected that this would be subordinate to auditing. Former chairman of the FASB, Donald J. Kirk -- see Zeff (1987, p. 67) -- remarked in 1985:

It is essential that the additional services offered by accounting firms don't detract from the firms' major responsibility of auditing financial statements or impinge on their independence.

Several different groups have studied this issue and concluded that there is no necessary conflict between auditing and other services. Yet one wonders if this really can be the case, considering the phenomenal growth in these "other" services as well as what this growth is doing to the structure of the firms themselves. This issue was of concern to the previously mentioned Advisory Panel on Auditor Independence appointed by the POB. In its 1994 report (p. 9), the panel recommended that:

The independent auditing firms need to focus on how the audit function can be enhanced and not submerged in large multi-line public accounting/management consulting firms. To do that may require that firms' senior management rethink their organization structures and business strategies. The regulators and overseers of the accounting profession should support the profession's efforts in this regard.

Issues regarding independence and objectivity extend to the corporate environment as well. Corporate governance

advocates have questioned the composition of the Board of Directors in many firms, claiming that too many directors have strong ties to management and too few are truly "independent" and qualified to make objective judgments. Vicknair et al. (1993, p. 54) indicate that "A growing body of literature has affirmed the linkage between board independence and effectiveness."

In many large firms, auditors report to audit committees, supposedly composed of Board of Director members independent of management. But use of audit committees does not necessarily mean that corporate governance is being practiced effectively. Sommer (1991) has questioned the effectiveness of audit committees, claiming that there is a lot of anecdotal evidence that many audit committees fail to properly perform what are generally perceived as their duties. And recent research by Vicknair et al. (1993) casts doubt on the independence of audit committees. These researchers define "grey" area directors as those who ARE NOT employed by the corporation but ARE affiliated with it or with its management. Vicknair et al. (1993) base their findings on 1980-1987 proxy statement data for 100 NYSE firms. Of the 100 audit committees in the full sample, 74 percent had at least one member who could be classified as a "grey" area director. In 26 percent of the audit committees in the full sample, "grey" area directors held a voting majority. Moreover, Vicknair et al. found no statistically significant differences in the percentages between early (1980-1983 data for 54 firms) and late (1984-1987 data for 46 firms) periods, suggesting that the level of audit committee independence appears to be stable. The good news is that it's not getting worse; the bad news is that it's not getting better.

What's interesting is that, if current trends continue, finding directors who are truly "independent" may become even more difficult. Increasingly, directors are being rewarded with stock, rather than a cash payment. This supposedly will motivate them more strongly to perform their duties with the welfare of stockholders in mind. But it also will rule them out as "independent," since personal financial gains may very well be tied up with results of audits.

In any event, as corporate governance disputes receive more attention in the media, the investing public is becoming more informed about Board composition and the relationships between Board members and management. For example, regarding Archer-Daniels-Midland Co., Lublin (1995, p. B1), in "Is ADM's Board Too Big, Cozy and Well-Paid?" indicates that 10 of the 17 directors are Archer-Daniels executives, retired executives or relatives

of senior management. According to Lublin, "A growing chorus of big institutional investors and management experts derides the board of the giant grain processor as too big, too well-paid and too close to top management." Publicity like this may ultimately lead to the creation of Boards and audit committees that are much more objective and have fewer ties to management.

The problem regarding the independence of directors and audit committee members is not one that can be laid solely at the feet of accountants. In fact, it's a business organization issue that goes beyond the scope of just the accounting profession. But it IS another example where independence is touted much more than it is practiced. Accountants may not have the responsibility and/or the power to change this, but their participation does give tacit approval to a process that doesn't seem to be what it claims.

Structures that would support the mind set of independence are hard to find in today's organizational environments. Yet, without them, we wonder how the profession can guide the development of new recruits.

Improving Public Perceptions

Schuetze points out that it is essential, not only that financial statements be fair, but also that the public perceive them as "fair." This means that the public should be kept informed of what the profession is doing to better serve society. The profession has been extremely unsuccessful at getting messages across about positive steps that are being taken along these lines. For example, a lot of publicity has been given to the fact that accounting firms are reacting to the legal liability crisis by changing their mode of organization to limited-liability partnerships. Little, if any, publicity is given to what the firms are doing to address the root causes of the liability crisis which plagues the nation. The impression given to many members of the public is that the profession is protecting its own skin but doing nothing to protect anybody else. We know that's not the case, because there's a lot of theoretical and practical research going on about improving methods of financial disclosure and ferreting out financial fraud. In addition, there's peer review, disciplinary proceedings, continuing professional education, and extended course work in ethics -- all examples of how the profession has attempted to meet the challenge of self-regulation. There are also mechanisms within the individual firms that provide for discussion, review, and the sharing of advice for holding firm in the face of overly aggressive clients. In its report (p. 10), the POB Advisory Panel provides this example, taken from a

communication distributed to partners by the Senior Partner of Price Waterhouse:

...outstanding client service does not mean stretching rules beyond sound professional practice to satisfy a client whim -- for often, this leads to future problems for the client and the firm....we need to share the tough decisions with each other....consult with your partners when you're confronting those tough calls.

Unfortunately, the positive steps being taken by individual firms fostering the improvement of the profession don't make the news!

The legal profession took an interesting step recently in its attempt to combat negative image problems. Stevens (1994, p. B1) reports:

The American Bar Association's National Discipline Data Bank -- 25,000 lawyers names addresses, aliases and violations -- will be available at the touch of a button....The ABA, at least initially, is offering the service only to disciplinary authorities.

It remains to be seen how well the data bank functions; but, in any event, it is an important example of a profession's willingness to cooperate with authorities in weeding out "bad apples" that may spoil large segments of the profession. It is, however, also an admission that the profession can't do this on its own!

Within the accounting profession there's been a lot of discussion about, and work on, detecting fraud. In a 1993 book, Most (p. 10) points out, "It may be noted that both the Treadway report and the AICPA's reaction accepted as a fact that fraudulent financial reporting was widespread and pervasive. " There IS progress in the area of detecting fraud, and the profession should be not only continuing and improving upon its efforts but also seeking publicity outlets to tell the public about them Elam (1994, p 1) indicates:

A couple of years ago, the Public Oversight Board reviewed a dozen or so auditing textbooks and found little or nothing on fraud detection. Within five years, there may be whole courses on the subject in some accounting degree programs.

Communication between the profession and the public needs to be improved, so that the message is clear: there is slow but sure progress. Of course the study and research on techniques of auditing are meaningless, if auditors are not willing to "stand up" to clients and demand that GAAP be followed. It is a circular dilemma. We are back to the main point of the recent essay by Schuetze. Without the practice

of independence, no confidence can be placed in the work of the auditor.

It's a twofold process. The profession must strengthen itself; at the same time it must do a better job of letting the public know more about what's involved in the profession of accountancy. The new image-enhancement campaign recently launched by the AICPA may help. According to DeRupo (1995, p. 108), the ad campaign aims "...to heighten awareness of the contributions CPAs make every day to their clients, the public and the companies and industries in which they work." The message is that the overall contribution of CPAs to society is a positive one.

Conclusion

This essay, like those of Zeff(1987) and Schuetze (1994), calls for the accounting profession to become more accountable. We think that this is an extremely serious issue, since the survival of the accounting profession, at least practiced as an autonomous profession as we know it, is at stake. Put bluntly, it's a question of reform now so we can continue to enjoy the autonomous practicing of our profession later, or do nothing now and watch the profession be taken over by the government, supposedly acting to protect the public. So it's not JUST a question of altruism but also one of self-protection.

It has been suggested that the accounting profession has a passivity problem; it tends to wait to be acted upon rather than taking the initiative to act. In 1936, Carman (p. 348) wrote: "...accountancy has been shaped almost entirely by outward circumstances. Accounting thought has lain dormant for generations at a time, arousing itself sluggishly for self-improvement only after it has been kicked awake." The same criticism may be applicable today. Instead of passively waiting to be acted upon, the accounting profession should seize the opportunity to act.

Suggestions for Future Research

Much of the academic literature in accounting is extremely theoretical and quantitative. Such research is, of course, valuable. But at the same time, there is need for another kind of research as well: qualitative, reflective essays as well as practice-oriented studies that deal with current problems, dilemmas, and issues facing the profession. For example, in the current environment, it may be interesting to study the organizational structures of the Big Six and to analyze changes in those structures as a result of the growth of consulting services. Another relevant topic, given the current interest in corporate governance, is the functioning of audit committees. Comparisons of how they do work vs. how they should work are in order. And of course we should be continuing

research on the all-important topic of ethics. In particular, we need to learn more about what develops the internal forces affecting independence and integrity. In any event, more variety may end up strengthening the academic literature, making it more vibrant and relevant. In addition, such variety should help to provide practical input for the highly quantitative studies of the future.

Also, as previously mentioned, the profession would benefit from having more articles by practitioners in the academic and professional journals. After all, the future of the profession as actually practiced rests in their hands. It is essential that practitioners play an important role in the research that will help to shape that future. 📖

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