

Will Accountants Become Purveyors Of All Information?

Lloyd D. Doney, (e-mail: doney@mail.busadm.mu.edu), Marquette University

Abstract

When computers first appeared in organizations, accountants had an opportunity to enlarge their information-providing responsibilities by embracing the new technology and the people who made it work. They elected not to pursue this opportunity and, perhaps unwittingly, launched not only a new group of information professionals, but also a new and sometimes competitive information function in organizations. Now some accountants are suggesting that the profession expand its boundaries to include all information. A second opportunity for accountants to become the purveyors of all information may exist due to a different set of circumstances that are more favorable to acting on the opportunity. Unlike the earlier situation, accountants would not have to deal with management responsibility for the technology and its related information professionals. Further, the continuing move toward integrated systems lends itself to a more global approach. Ultimately, whether accountants become the purveyors of all information will depend upon whether accountants move to meet the new demands for information in organizations. Accountants who are effective in advising managers in matters that combine both financial and non-financial, as well as internal and external information, should be successful in expanding their role as information providers.

Introduction

Some accountants are suggesting that the boundary of accounting should be expanded to include all types of information, instead of only information that has a financial dimension. If accountants pursue this suggestion and are successful in the effort, they could become the purveyors of all information generated and used within organizations. This expanded role of accounting could solidify and further enhance the importance of the accountant as a key advisor to management in their efforts to

compete in an increasingly competitive, complex, global market place.

The question is particularly interesting since, at one point in the recent past, the accounting function was well-positioned to become the primary supplier of all organizational information, both financial and non-financial. For a number of reasons, accountants did not take advantage of that opportunity, resulting in the eventual creation of not only a new information function within organizations, but also an entirely new group of information professionals.

Readers with comments or questions are encouraged to contact the authors via e-mail.

The Past

The first sophisticated technology used to produce information appeared in the first half of the century in the form of card-handling machines that were rented to accountants by Herman Hollerith's Tabulating Machine Company, which later became IBM. These machines were used in the controllership area to speed up payroll accounting and to process the mass of repetitive transactions which characterize financial accounting. In the late 1950s and early 1960s, however, these tabulating machines were replaced by expensive and highly technical computers. This came at a time when accountants were busy with other professional matters, particularly a focus on financial statement presentation. Rather than embracing this new technology and the expanded role of information provider that control of the new technology offered, controllers hired technical assistants to run the computers for them. The result was that the accounting function, perhaps unwittingly, launched not only a new group of information professionals, but also a new, and sometimes competitive, information function in organizations.

It was not long before the new group of information professionals distanced themselves from accounting. They formed new professional associations and began to receive increasing responsibility in their organizations, because they were the only ones who could run and understand the new technology of information processing. In a relatively short period of time they were given the responsibility for the organization's information systems. At the same time, the accounting function, along with all other organizational functions, was relegated to that of a user or client of the organization's information services function.

The opportunity for accountants to become the purveyors of all information had been lost to the new information professionals who rightfully conceived of themselves as instrumental in meeting all of the organization's information requirements. While accountants necessarily have retained the responsibility for the essentials

of accounting, they must rely on the information systems professionals who play a major role in developing and operating the accounting system as well as other systems within the organization.

The Present

Having passed up the opportunity to become the purveyors of all information within organizations in the past, is there a second opportunity for accountants to assume that role in the future? And, if so, will accountants move to capture the enlarged professional opportunities offered by expanding the boundary of accounting? The author suggests that the answer to the first question is the affirmative, but that the answer to the second question depends primarily upon the ability and desire of accounting professionals to take advantage of the opportunities that arise in organizations to expand their realm as an information provider. Despite the presence of an established information systems function in organizations, an opportunity for accountants to become the purveyors of all information exists. This opportunity largely stems from two significant changes that occurred in the 80s and 90s.

In the late 1950s and early 1960s, in order to expand their responsibilities for providing information, accountants would have had to assume the responsibility for operating and managing the new information technology. In retrospect this amounted to an enormous challenge, and accountants probably made a prudent decision in allowing others to assume that responsibility. Even though the matter of operating and managing information technology has been resolved in favor of the information professionals, there continue to be opportunities to meet the changing information needs of management within the current information systems operating structure.

One change favorable to accountants expanding their information-providing services is rooted in the fact that, in the 90s, providing information is no longer tied to assuming responsibilities for the technology as it was in the past. Now the ability to recognize and meet the infor-

mation needs of management before others in the organization move to meet the need is what is important. The uncoupling of operating and managing the processing technology from providing the information needs greatly facilitates expanding the boundary of accounting at this time.

In the late 1950s and early 1960s, systems were developed and implemented on a piecemeal basis. Systems integration was not possible in view of the available technology. Piecemeal systems meant data and information segregation as well. File-oriented systems, focusing on a particular application, were developed to serve the information needs in the various functional areas of the organization. Systems were easily separated as to whether they were accounting systems, dealing exclusively with events that could be represented in financial terms, or others kinds of systems dealing with all of the ways in which events could be represented. File proliferation, data redundancy, data inconsistency, inflexibility and the lack of systems integration were characteristic of the systems of this time.

A second change favorable to accountants expanding their information-providing services arises from the fact that in modern systems, using data base management technology, it is possible to integrate systems, wherein the difference between accounting data and information and other kinds of data and information is less apparent and important. The ownership of data and the responsibility for information by virtue of whether it is financial or non-financial is increasingly blurred. Data base approaches focus on data and data sharing and offer a vehicle for systems integration. File proliferation, data redundancy and data inconsistency are greatly reduced, and systems flexibility and integration are greatly enhanced.

Newly emerging data modeling techniques focus on capturing and storing data about each and every business activity that an organization wishes to control or evaluate. The REA (Resources-Events-Agents) data model, in par-

ticular does not limit events to those for which accounting entries are typically made, but encompasses other business activities as well. As such, new data modeling approaches support the expansion of the accounting system to include not only traditional financial data, but also other non-financial measures that decision makers need to successfully run the organization.

Together these changes represent a significantly different set of circumstances from the earlier opportunity accountants had to assume a greater responsibility for providing information. Then, the opportunity was tied to the technology of the day. Now the opportunity depends more on the ability of accountants to recognize and to meet the new and changing demands for information, rather than managing and operating the information technology. In two respects, at least, accountants are in a good position to assume this greater responsibility.

First, accountants are already well-established purveyors of information within organizations. Although the accounting information system may not be the sole information system within an organization, it certainly is a large and important one. Further as new businesses are launched the accounting system is typically the first information system put into place. In many instances, accountants already are providing both financial as well as some non-financial information. As the needs for information change and increase, it seems reasonable to expect that management will look to accountants to meet their information needs. The need for non-financial performance measures will become increasingly important. Measures related to planning and controlling quality, productivity and customer service will be particularly important. While there will be competition to meet these needs, accountants, by virtue of their education and experience have the ability to provide these kinds of information. Meeting the challenge will require that accountants actively participate in the design, development and operation of information systems to insure that the necessary non-financial data is captured, stored and accessible. Accountants who move aggressively to meet the

new and changing demands for information should be successful in expanding the boundary of accounting.

Secondly, accountants traditionally have been more than information providers. Perhaps, more importantly, they have not only produced information, but also have assisted managers in analyzing and interpreting that information. This ability to serve not only as information providers, but also as management advisors provides an important accountant/manager relationship that should facilitate accountants expanding their information-providing role. The ultimate benefit of information arises not from the fact that it is produced, but from the fact that it is further processed by managers, resulting in improved decision-making. Organizational data bases are libraries of financial and non-financial statistics. Valuable information is available to those who are able to formulate appropriate inquiries to provide support to decision-makers in matters of both current operating and strategic importance. Accountants who are effective in advising managers in matters that combine both financial and non-financial as well as internal and external information should be successful in expanding their role as an information purveyor. It is noteworthy that chairman of the AICPA recently argued that the meaning of CPA should be changed from Certified Public Accountant to Certified Professional Advisor.

Conclusion

Ultimately, whether accountants become the purveyors of all information will depend upon whether accountants move to meet the new demands for information in organizations. The opportunity appears to have presented itself for a second time in recent years. Those who move to expand the boundaries of accounting at this point in time have a good chance to succeed in an expanded role of information purveyor. Those who do not, risk relegating themselves to a more limited role of merely documenting an organization's financial history. 