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An analysis of the proposed professional school of accountancy

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AN ANALYSIS OF THE PROPOSED PROFESSIONAL
SCHOOL OF ACCOUNTANCY

A THESIS
SUBMITTED TO THE FACULTY OF ATLANTA UNIVERSITY
IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR
THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION

BY

JULIA MARGARET WILSON

SCHOOL OF BUSINESS ADMINISTRATION

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J.M.W.
DEDICATION

This thesis is dedicated to my mother,
Mrs. Sarah H. Wilson, in appreciation
of her inspiration, kindness, devotion,
encouragement, and unfailing love.

J.M.W.
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INTRODUCTION

There is a substantial unfilled need for qualified persons for the accounting profession. The profession cannot progress unless it can attract bright, intelligent, and superior young people to the expanding need for services and to carry on as older practitioners retire. Since the supply of qualified persons for the profession is below the many demands, much organized effort is being exerted to increase the interest of young people in professional accounting.

Coupled with this need for an adequate supply of qualified persons in accounting is that of presenting to the public the proper image of the profession. Despite the great strides that have been made in the technical, ethical and educational phases of the profession, there remains a great lack of knowledge and understanding on the part of the public as to the nature of accounting, its functions, and how it affects the entire pattern of our lives. Many lay people still feel that accounting is a trade which should be learned chiefly by practice. This is because the profession of accounting has emerged more recently than other professions from the state of apprenticeship training to the level where a great deal of technical, specialized training must be absorbed in order to cope with the changing conditions of the business world.

In view of the wide scope of the activities of the accountant, the heavy responsibilities which accountants are expected to assume, and the continuing and growing shortage of properly trained accountants, many feel that a professional school of accountancy should be established. Therefore, it is the purpose of this paper to critically analyze the proposed professional school of accountancy, examine the factors involved, and
attempt to arrive at some valid conclusions concerning the basic problem of education for professional accountants. It is also designed to give the public a clearer image of the professional accountant.
CHAPTER I

THE ACCOUNTING PROFESSION

Background of the Problem

Modern accountancy, with more than 75,000 members, had its beginning around 1900 with an estimated 23:3 certified public accountants. For many years, a high school education was considered to be adequate training for entrance into public accounting. Many people still hold this view. About thirty-two states continue to require no formal training beyond the high school level for entrance into the profession; however, eighteen states require some college training, but graduation from college is required at present by only five states.¹

The report of the Commission on Standards of Education and Experience for Certified Public Accountants has placed a frightening responsibility, a magnificent opportunity, and a sweeping challenge before the nation's accounting educators. Even before the Commission's report was published, the thought persisted in many minds that the department or division of accounting should be raised to the level of a school of accounting, either outside or within the school of business.

Effort must be primarily directed toward improving the quality and quantity of student input in accounting education, rather than attracting college graduates with majors in accounting. The major purpose of the professional school of accountancy should be to get young people to study accounting. The competition for capable young people is extremely intense. Thus, the accounting profession must be active and aggressive both in

recruiting and projecting the image of the profession. This is necessary in order to effect a profession-wide solution to the problem of insufficient supply of capable entrants to the profession.

The problem is not merely to increase the number of accountants; rather it is to provide a sufficient number of accountants having the intellectual capacity, the character and integrity, and the professional training needed to deal properly with the complex problems of today. The crux of the problem lies in the basic concept of the true nature and character of accountancy practice, and the proper function of the professional accountant. The first group does not consider the work of the accountant to be professional in nature. They hold, therefore, that the necessary knowledge and skill needed for practice can be learned on the job with little or no need for formal training at the college level. On the other hand, the second group considers the work of the accountant to be professional. Consequently, they believe that the knowledge and skill and understanding needed for proper practice requires both a sound educational background and adequate professional training at the university level.

The Nature of the Accounting Profession

Two premises must be understood if the proposed professional school of accounting is to be viewed in the proper perspective. The first is the definition of the accounting profession on which the professional school is predicated. The second has to do with professional education.

A profession is characterized by standards of proficiency, standards of attitude, and standards of conduct. No profession which has won its place has perpetuated segmentation of its ranks.
The following are generally considered to be the characteristics of a profession:

1. A body of specialized knowledge
2. A recognized formal educational process for acquiring the requisite specialized knowledge
3. A standard of professional qualifications governing admission to the profession
4. A standard of conduct governing the relationships of the practitioners with clients, colleagues, and the public
5. Recognition of status
6. An acceptance of the social responsibility inherent in an occupation endowed with public interest
7. An organization devoted to the advancement of the social obligations of the group.

For the professional accountant, there is a common core of specialized knowledge that all accountants must possess. This includes an understanding of the principles and problems applicable to the recording and reporting of business activities, the examination and interpretation of financial information and the control and utilization of assets.

There is general agreement that college training is now desirable preparation for professional accounting, and that the study of accounting, auditing, and related subjects can be profitably accomplished as a part of the educational process. To an important extent college training with a major in accounting is a recognized formal educational process.

As for standards of professional qualifications governing admission, each state, district, and territory have enacted standards. All of the

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jurisdictions require satisfactory completion of the Uniform Certified Public Accountants Examination but there are many variations in other respects. Standards of professional conduct have been adopted through legislation and other means. The accountant has been recognized by enactments in each state, district, and territory.

Accounting has been endowed with public interest since its early history. Accounting organizations are active in shaping the philosophy and social responsibilities of the profession.

In view of these characteristics, the accounting profession, then, includes the accountant in private employment; the practitioner; and the accountant who teaches, provided he measures up to all the professional standards of proficiency, attitude, and conduct.3

The accountant's relation to the public is particularly significant. It is generally understood that the primary responsibility of the lawyer and the doctor is to his client and his patient. This personal responsibility of the accountant to his client is no less significant than that of the doctor and the lawyer. But it should be noted that the responsibility of the accountant is to the public and not to his client. The very essence of value of the services of the public accountant is to the public and of absolute truthfulness and independence. The lack of prejudice in the presentation of financial data and in the impartial and uninfluenced statement of opinion in connection therewith are also necessary qualities of the professional function. There are times when it appears that adherence to this policy may work against the interest of the client. But this is

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unavoidable if the public accountant is to continue in his role as independent examiner and judge of financial facts. This responsibility to the public is a characteristic of accountancy that marks it as being particularly professional in nature.

Accountancy continues to develop those attributes and characteristics which tend to distinguish a profession from a trade, and a professional man from a skilled tradesman. The science and theory, as well as the art and practice, of accountancy have developed greatly in recent years. This development is reflected by the large accumulation of books, journals, special studies and reports resulting from research done by accounting professors, practitioners, and others. Educational processes, standards of conduct, and other problems affecting accountancy have continued to receive careful study and improvement.

Due to the professional character of accountancy, the universities must accept a greater responsibility in providing an adequate supply of properly trained accountants. The second premise, professional education, should place primary emphasis on training a man to meet the demands of a long career in professional accounting, that is, the formal accounting education process should aim at training a man to "learn to become" a practicing professional man rather than training a man "to be" a practicing professional at the end of the formal education process.\(^{1}\) In every calling that has attained the status of a profession, the organized members have recognized that achieving and holding the status of a profession requires them to take the responsibility for the training and education of potential

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members of the profession. They have established standards to select and subsidize those educational institutions best equipped to provide professional training by virtue of plant, staff, and programs, and to impress all educational institutions with the high standards required by the profession. From this point, evolution of a professional school is inexorable.

Personal Qualifications for the Profession

The professional accountant performs what is basically a personal service and at the same time he is performing technical work. Consequently, the accountant must possess certain personal as well as technical qualities. Sweet, in his argument for a professional school stated that due to the tremendous growth of the profession in the last twenty years, and due to the amount of technical knowledge, skill, and liberal arts background the professional accountants need, the four years of academic training do not give enough time to develop the high qualifications of the accountant. He stated that the accountant must:

\[
\text{... be independent in his thinking, have more than ordinary analytical abilities, be able to engage in constructive thinking ... He is supposed to have a broad education, and an extensive knowledge of business practices and procedures, and be familiar with commercial law.} \]

\footnote{Franklyn H. Sweet, "The Professional Accounting School and the Natural School Year," The Accounting Review, XXVIII (January 1953), pp. 98-99.}

The individual must have superior intellectual capacity and the ability to continue to grow and develop. He must be a man of character — one who knows right from wrong and instinctively chooses the right. He must have the knowledge and skill necessary to enable him to render competent services at the professional level, for certainly without competence there can be no profession. But competence is not a natural characteristic, it must be
acquired through personal development obtained from educational and professional training. This is true of all professions, and accounting is no exception.

The American Institute of Certified Public Accountants lists four basic qualifications which the accountant should possess in order to be successful in the profession: character; mental attributes such as intelligence, judgment, accuracy of observation, thought, and expression, and analytical ability; breadth of knowledge and human relations.

The professional accountant must possess qualifications of personal objectivity, independence of thought and integrity. These three could be summed under the heading of independence. Independence is essentially a state of mind which permits the accountant to render an unbiased, objective report, with full disclosure of all pertinent facts relative to the financial data.

To work successfully with people requires that the accountant have a broad background and an understanding of human relations. The professional accountant must be particularly adept in communicating the significance of numerical data by expressing himself precisely and accurately.

A widening range in type and variety of services performed inevitably brings about a demand for more broadly trained individuals and this has led to an increasing recognition of the importance of formal academic study for accountants. Technical training and competence are essential, but the profession is gradually accepting the idea that academic training in broad cultural areas is important to the development of an individual. The flexibility of mind, independence of thought, and moral integrity are vitally needed in assuming the responsibilities involved in professional accounting.

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6Beights, op. cit., p. 4.
CHAPTER II

HISTORICAL DEVELOPMENT

Origin of Accounting

The techniques of accounting developed very gradually through the three and a half centuries following the dissemination of the theory of the double entry method of keeping accounts as expounded by Pacioli in 1494. It is appropriate to begin our consideration of the evolution of accounting with Italy, however, where modern accounting was born. In Venice during the sixteenth century a six-year apprenticeship was required. By 1742, the Senate of Milan had created a college, or association, of accountants, to which admission was gained after an apprenticeship of five years.

In 1805, under Napoleon I, a decree was issued for the licensing and practice of public accounting throughout the Kingdom of Italy, which involved a three-year apprenticeship. Before beginning practice under this law, the candidate had to give evidence of having finished a regular course in the humanities and of having completed the study of arithmetic "in all its branches." In 1836, the examination was changed from two parts, one on arithmetic and one on double-entry bookkeeping, to a three-part examination given on successive days, the third part "on themes to develop ideas on related subjects."7

Technical institutes were formed in 1860 which taught, among other subjects, bookkeeping and commercial law. By 1885, divisions of commerce and accountancy were established in the technical institutes.

For a time, the institutes had two examinations, one for the diploma which admitted the student into the institutions of higher learning, and another which admitted him to practice accounting. Under the law of July 15, 1906, the practice of public accounting was reaffirmed as the exclusive right of members of the colleges or associations of accountants. At this time the holder of an accountant's license, or a person admitted to teach in the technical institutes, or a graduate of a high school of commerce was admitted to the association only after two years of practice and after passing an examination.

From a purely apprenticeship training of six-years in the sixteenth century, Italy arrived at a preference for university training with two years experience in 1929.8

In Great Britain, admission to the profession of public accountancy has generally been through an articled-clerkship under a qualified practitioner, coupled with completion of specified educational programs, usually of the correspondence type, and a series of examinations. Historically, this employment has taken the form of a contractual arrangement between the practitioner and the trainee involving the assumption of substantial responsibility on the part of the employer to participate in the training of the clerk.9

For many years the trainee paid a premium to his employer, and to some extent this situation may still exist. It should be noted that the limitation on the number of trainees under one principal, and the responsibility

8Ibid.

for guidance of the employee which the employer assumes, makes the British situation considerably different from that prevailing in the United States.

Professional accountants in Canada have followed the British pattern and have placed a substantial degree of reliance on accounting employment as the primary avenue for admission to the profession. In some Canadian provinces the articled-clerk relationship between employee and employer exists, while others utilize less formal arrangements. In both Canada and Great Britain, recognition has been given to the increased availability of formal educational facilities by shortening the required experience for candidates who are graduates of approved college programs.

It was not until the latter part of the nineteenth century that a marked acceleration of public interest in accounting occurred. The English Companies Act set a pattern for independent reporting nearly a century ago with the adoption of the requirement that the accounts of management, in companies in which outside money was invested, be audited and reported upon by independent persons not affiliated with the management of the enterprise.\(^\text{10}\)

It is the reporting and interpreting phases of accounting that exhibit its greatness and usefulness and has thus far been attained. It is in this field that the professional aspects of public accounting have been most fully developed.

at the beginning of the twentieth century, what is now called the industrial revolution, was making itself felt in accounting circles in increasing demands for professional accounting services. Later mass production of goods, with emphasis on accounting and control of costs,

\(^{10}\text{John H. Zebley, Jr., "Challenges to the Accounting Profession," The Accounting Review, XXX (April, 1956), p. 173.}
gave further impetus to the growth of accounting as a tool of management.

During the first half of the twentieth century, the influence of the government on business and concurrently on accounting, increased markedly through regulation of accounting in certain industries; through taxation with the adoption of the Sixteenth Amendment and subsequent excess profit taxes needed to finance the two wars.

In the various countries of western continental Europe, accounting has developed rather erratically. In Holland and West Germany, accounting is of good quality. This is confirmed by American and British accountants with close contact in those two countries. In other countries, accounting improvements have been slower but there is some evidence of an increasing tempo. The government of France has set up a new comprehensive procedure for the training and qualifying of accountants. On the other hand, Italy, which gave birth to Pacioli and his ground-breaking treatise on bookkeeping, still lags among those countries in which accounting is least developed.

Early Developments in the United States

Professional accountancy came into existence in the United States during the last quarter of the nineteenth century. The rapid growth of business activity between the close of the Civil War and 1870, the panic of 1873, and the depression which followed, created a need for large numbers of bookkeepers and accountants. As had been true earlier in England, business failures necessitated the development of a class of "expert" accountants to examine the accounts of bankrupt concerns. Prior to 1880, a considerable amount of this work had been performed by English accountants who had come to this country to examine the affairs of companies in which British capital was invested. The decade of the eighties witnessed a rapid growth in the number
of Americans who offered their services to the public as expert accountants.

The first organization of bookkeepers and accountants in the United States was formed in New York in 1882 as the Institute of Accountants and Bookkeepers. This organization was largely composed of accountants and bookkeepers in private employment but, according to its charter, was also intended to include those persons interested in the science and practice of accountants, whether as business managers, expert accountants, bookkeepers, auditors, or teachers.

In 1887, a second organization, the American Association of Public Accountants, was formed in New York with membership restricted to the accountants in public practice. Both of these accountancy societies initially followed the British tradition of attempting to gain public recognition by means of the activities of their respective organizations. The results were disappointing. Perhaps because of this situation or because of the contemporary efforts of the accounting profession in Great Britain to obtain legislative recognition, American public accountants also turned to legislation as a means of obtaining recognition.

Both of these early organizations of accountants sponsored bills in the 1895 session of the legislature of the state of New York. Both bills provided for administration of the proposed accountancy law by the Regents of the University of the State of New York. The bill sponsored by the American Association of Public Accountants included restrictions of the practice of public accountancy to those persons licensed by the Regents, but did not provide for any particular distinctive title. The Institute of Accountants and Bookkeepers' bill proposed the creation of the title "Certified Public Accountant" with restriction of practice to members of
this group only, except in the case of services performed for the courts, executors, or municipalities. Neither of these bills were passed during the 1885 session of the legislature.\textsuperscript{11}

A joint meeting of the two sponsoring accountancy organizations resulted in a revised bill which was supported by both groups in the 1896 legislative session. This bill contained provisions for administration by the Regents, including the establishment of regulations for examination and admission. The bill was passed on April 17, 1896. This action marked the first statutory recognition of public accountancy in the United States.\textsuperscript{12} Accountancy laws were enacted in many other states and although these various statutes differed in particular details, they were all designed to create a specific title, all provided for passing an examination, and each state established certain personal qualifications to be met by the candidate.

The desirability of requiring accounting experience as a prerequisite to admission to the CPA examination, or for admission to practice, depends upon the contributions of experience to the over-all training of a professional accountant. The contributions of experience may be grouped into two categories: those related to technical training and those which involve the personal qualities of the trainee.

The fundamental contribution which accounting experience can make to the technical training of the individual results from exposure to actual business situations. Familiarity with records and operating procedures in a realistic business setting, and the application of principles to concrete


situations, represent a type of training which can be obtained most effectively through experience.

Perhaps the most important contribution of accounting experience to the training of a potential professional accountant is the development of such personal qualities as maturity, poise, self-assurance, and the ability to meet and work successfully with other people. One author has stated that experience teaches the prospective accountant "...how to be tactful in his dealings with others, how to secure information and decisions from his superiors or from members of a client's staff without upsetting their daily routines, and how to be self-possessed and tactful under trying circumstances."\(^\text{13}\)

The benefits of experience have been summarized in the following four points:

1. Training in the preparation of working papers
2. Experience in the application of auditing procedures including the development of the auditor's point of view in relation to a particular engagement
3. Training in the preparation of accounting reports, including financial statements
4. Training in human relations\(^\text{14}\)

Present Status of Accounting

The recognition and acceptance of professional status must come from those served. There must be a recognition that the work performed was professional in nature and that it was performed in a professional manner. Professional status can not be attained simply through the work of a public


relations department, nor by resolutions drawn up and approved by those desiring such recognition. Professional status must be earned, and the public is both discerning and critical.

In the accounting profession, each individual member contributes to or detracts from the professional status of the group, both on and off the job. Mr Queenan, former president of the American Institute of Certified Public Accountants, stressed this point when he said:

"Recognition is a matter of individual responsibility in the final analysis, for it is the sum of individual activities that make up the whole of the profession. The public image of the CPA is a composite of individual impressions made by the individuals all over the country."

Professional accounting today is substantially different from what it was twenty-five years ago. Bookkeeping techniques have undergone substantial improvements. Government regulations and increasing complex tax measures have caused much confusion and required greater attention. Today, people in responsible accounting positions in industry and government are trained accountants. Many have pursued the same program of study and education that the professional accountant has. The inexpert bookkeeper of yesterday has been superseded by the expert accountant of today.

The rapid increase in the number of professional accountants in this country during the past few years was remarkable. But of far greater importance than the increase in the number of accountants is the greater increase in the responsibilities they have assumed, and the greater understanding and skill they must have in order to deal properly with current

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accounting problems. The growth of big business and the need for more effective control of vast financial resources and activities made accurate and dependable financial records necessary. The development of the corporate form of business organization, and the accumulation of large amounts of capital, put additional responsibilities on the accountants, who report on the efficiency and fidelity of those controlling the capital. And finally, the development of big government and the erection of a complicated tax system increased still further the responsibilities of those in professional accountancy.

Each state, district, and territory have statutes of some form dealing with the accounting profession. Unfortunately, the degree of unanimity with which accountancy legislation has been enacted has not been matched by comparable uniformity in type of legislation or specific requirements for the qualifications of professional accountants. All of the statutes deal with the personal qualifications, education, experience, and the Uniform CPA examination.

Substantially all accountancy laws contain requirements regarding age, citizenship, residence, and moral character of applicants for admission to the profession. Only in regard to residence are there any material differences for the various jurisdictions. Some states require residence for varying periods of time, others require residence or maintenance of a place of business, while others permit employment within a state to satisfy the residence requirements. Such differences do not appear to be significant in terms of the overall standards for admission to the profession.

The present tendency in many jurisdictions to consider education and experience requirements together and to allow substitution of one for the
other complicates the description of the present status of educational requirements. At the present time all jurisdictions require that a candidate for the CPA examination must be a high school graduate or possess the equivalent education. On January 1, 1956, only five states required general education beyond the high school level.\footnote{16}{The Commission on Standards of Education and Experience for Certified Public Accountants, \textit{op. cit.}, p. 33.}

Five states require technical training in accountancy above the high school level. New York and New Jersey require specified minimum amounts of study in business administration and accounting to be included in a curriculum, completion of which will meet the college graduation requirement. Illinois requires completion of thirty semester hours in approved schools, of accounting, business law, economics, and finance, of which at least twenty semester hours must be in accounting. North Carolina requires completion of a course in accountancy and Tennessee requires graduation from an approved college and completion of a course of study in accounting which is approved by the Board.\footnote{17}{Ibid.}

In the early days of accountancy legislation, substantial reliance was placed upon experience as a method of qualifying for the CPA certificate. As educational facilities have expanded and improved, a shift in emphasis in the direction of formal general and technical education has occurred. Today, several jurisdictions require no experience as prerequisite to the examination or issuance of the certificate. At the other extreme, two jurisdictions require five years of experience and one, four years. As was noted in connection with educational requirements, many laws permit the cross-substitution of education and experience.
There are many reasons for the conspicuous lack of agreement regarding education and experience requirements. Early differences between states in the availability of educational facilities may account, in part, for the wide diversity in educational standards. Variations in the type of services performed by public accountants in heavily industrialized areas, in contrast to other areas, have undoubtedly had an effect upon both the education and experience requirements. Lack of educational facilities and regional differences in public accountancy practice were formerly much more pronounced than they are today. However, differences in requirements, once established, tend to be perpetuated.

There has been an increasing tendency in recent years to consider experience and education requirements as alternatives. As of January 1, 1956, approximately thirty jurisdictions permitted a candidate to substitute education of various types and amounts for all or part of otherwise required experience. Although there are many variations, the most common provision appears to be that permitting the substitution of a college degree with an accounting major for one to four years of experience which would otherwise be required.

The American Institute of Accountants has prepared an examination for the use of state boards of accountancy since 1917, and has also offered an advisory grading service since that date. At the present time all jurisdictions employ the Uniform Examination in whole or in part and all but three states utilize the Institute grading service. It should be emphasized that the accounting profession has progressed as far in terms of uniform standards of examination as any of the recognized professions.

18 Requirements for the CPA and other Examinations, LaSalle Extension University, (Chicago, 1961), p. 4.
CHAPTER III

EDUCATIONAL FACILITIES

Development of the Collegiate School of Business Administration

Many attempts were made in the late nineteenth and early twentieth centuries to establish schools of accountancy within a university framework but in every instance the eventual result was a school of business administration. This evolution has been quite at variance with the experience of other professions. In medicine and law, professional schools have become the normal path for preparation.

"The development of business schools falls into three periods: origins and early growth (1880 to 1914), expansion and diversification (1914 to 1940), and reassessment and reorganization (1940 to present)." In the first period, dating from 1880 and the founding of the Wharton School of Finance and Commerce at the University of Pennsylvania to World War I, business schools were engaged in finding a foothold in the academic world. By the time this initial period had ended, the chief lines of the development of business schools had been visible. During the second period which covered the interwar years, the dominant pattern of the programs of business schools had become much more firmly set. New approaches to business education were laid during these years but they did not alter the main direction of the development of the schools. In the third period, dating from World War II to the present time, the number of schools increased and their influence made itself felt in a widening number of institutions. Most of their ideas of

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this period were felt at the graduate level but their impact was also felt widely at the undergraduate level as well.20

Academic leadership in the founding of business schools can often be traced to members of the economics department who were primarily interested in business practices and problems.21 In the case of many schools, business emerged from economics. The University of Chicago is an example. On the other hand, the College of Commerce and Business Administration at Tulane University developed before the university had developed a program in economics.

At a number of other institutions, the forefather of business programs was accounting. The New York State Society of Certified Public Accountants in 1899 decided that a school was needed to supply students with the knowledge of accounting necessary to pass the Examination for Certified Public Accountants, and thus, the New York University School of Commerce, Accounts, and Finance was founded in 1900.

The Wharton School of Finance and Commerce was founded in 1881 as a result of the $100,000 bequest of Joseph Whatron. This school is the oldest school of business in the United States. By 1890, the Wharton School had begun to offer some specialized courses and had developed a very strong curriculum. At Harvard, the business school was not established until 1908. It was first started as a subsidiary of the Faculty of Arts and Sciences and later achieved an independent status.

Between the onset of World War I and the beginning of World War II, almost every important public university in the United States established a

20 Ibid., p. 35.
21 Ibid., p. 42–43.
school of business. The sharp increase in the number of schools and the rapid expansion of student enrollments occurred before a solid basis for academic work could be developed. As a result, instructors who had taken advanced degrees in other areas had to rely mainly on their personal experiences and current information for instructional materials. A considerable amount of trial and error methods existed due to the lack of textbook materials for many of the introductory courses and most of the advanced specialized courses. Many new branches of the curriculum emerged in such specialized areas as real estate, brokerage, retailing, and advertising.

Two quite comprehensive studies of business schools were made at about the mid-point of this period, both rather critical of the prevailing pattern of business education. The first, edited by Leon C. Marshall, dean of the Chicago business school, observed: "Within the field of technical business education there is such a proliferation of courses that it is scarcely humanly possible that the content can be of university or professional-school grade." The other written by James H. S. Bossard and J. Frederic Dewhurst of the Wharton School staff, concluded: "Specialization in the business curricula runs riot — at least so far as differentiated curricula and faculty preferences are concerned." Both surveys indicated that the relation between the student's work in business and liberal arts subjects was not too meaningful and that the business studies themselves lacked coherence. Both called for a searching reexamination of the purposes and direction of the work of business schools.

22 Ibid.

23 Ibid., p. 44.
Elements of strength did appear during this period despite the fact that business schools lacked the necessary background development for branching out into specialized areas. The business schools developed a closer tie with the subjects outside the business area. Much effort was made to give the student of business a broad liberal arts background.

By the late 1940's, business schools had won a strong position on the campuses of most universities. They began to widen their activities and new courses and major in such fields as human relations, market research, and managerial economics were established. New degree programs at the one-year and two-year master's level and doctoral level began to appear. Additional schools of business came into being. The basic features of the school's academic programs also seemed to be more firmly set. By the post war period, six subjects constituted most of the core work and most of the areas of concentration as well: accounting, economics, finance, management, marketing, and production.24

The development of collegiate study in business administration in the United States is indicated by the following tabulation of college degrees:25

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Bachelor and First Professional Degrees</th>
<th>Bachelor and First Professional Degrees in Commerce and Business</th>
<th>Per Cent of Total Degrees in Commerce and Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>1920</td>
<td>48,622</td>
<td>1,559</td>
<td>3.2</td>
</tr>
<tr>
<td>1930</td>
<td>122,484</td>
<td>6,213</td>
<td>5.1</td>
</tr>
<tr>
<td>1940</td>
<td>186,500</td>
<td>22,133</td>
<td>11.9</td>
</tr>
<tr>
<td>1950</td>
<td>433,734</td>
<td>72,137</td>
<td>16.6</td>
</tr>
</tbody>
</table>

24 Ibid.

25 The Commission on Standards of Education and Experience for Certified Public Accountants, op. cit., p. 44.
Collegiate Accounting Programs

Collegiate accounting programs have developed under many different circumstances and in many types of educational institutions. There are at least 500 colleges and universities which offer courses in business administration and accounting courses beyond the elementary level, and at least 300 with fairly complete accounting programs.\(^\text{26}\)

The development of collegiate accounting programs has been influenced by a number of outside factors. Legislation concerning certified public accountants has had some effect particularly in those jurisdiction which prescribe lists of college courses to be taken as a condition to sit for the Examination of Certified Public Accountants. The activities of the American Institute of Certified Public Accountants has had its effects, but the American Accounting Association has been the most active of any of the interested groups in recommending desirable standards. This Association published in 1951 the report of its Standards Rating Committee, prepared after a five-year study, relating to the objectives of accounting education, standards for accounting teachers, and standards for the accounting phases of undergraduate study. The undergraduate curriculum recommended by this Committee includes three general classifications of undergraduate courses.\(^\text{27}\)

Liberal, cultural, and general non-business studies should approximate fifty per cent of the total curriculum. These courses should be selected to provide broad training for citizenship, and understanding of the society in


which the student will work, and an appreciation of human knowledge and activity. Courses should be included in written and oral communication, natural sciences, social sciences, and the humanities.

General business studies should be approximately twenty-five per cent of the total curriculum. These courses should provide training in the broader aspects of business and should include courses in marketing, production, finance, industrial relations, business law, and statistics.

Accounting studies should be approximately twenty-five per cent of the total curriculum. This part of the undergraduate program should provide a basic knowledge of the accounting field. The Committee recommends that academic courses be included in accounting principles (elementary, intermediate, and advanced), cost accounting and cost analysis, auditing principles and procedures, and problems of income tax accounting.²⁸

Programs in accounting, at both the graduate and undergraduate levels, have been dominated by professional accounting requirements. Courses that are professionally oriented have, for the most part, placed emphasis on technical knowledge or techniques and procedures. However, the problems that face the professional accountant in private industry or the public accountant require broad education in functional areas of business and government, an understanding of the human aspects of business, and an awareness of the responsibilities of business to society, as well as competence in accounting.²⁹

There are many variations in the accounting programs provided by

²⁸Ibid.
²⁹Pierson, op cit., p. 355.
individual colleges. In view of the many vocational possibilities which are available to those who have studied accounting at the college level, it is not surprising to find that a variety of courses in accounting have appeared in the curriculum to serve the different purposes and objectives of the student.\(^3\)° The wide variations of accounting programs are also due largely to the differences in intellectual capacities and aptitudes of the students and the standards of instruction of the institution. The types of training essential for a professional accountant are a matter of opinion and can be approached from a number of points of view. The classification submitted by the Commission on Standards of Education and Experience for Certified Public Accountants are (1) general cultural background, (2) business administration and economics, (3) communication, (4) standards of professional conduct, (5) principles of accounting, and (6) principles of auditing.\(^3\)\(^1\)

A general cultural background is needed to prepare the professional accountant as an educated man capable of meeting the members of other professions on an equal basis, economically and socially, and in civic and business affairs. Of all the types of training which the professional accountant needs, those in general and cultural areas are best provided by colleges and universities. It would, of course, be possible to provide such training within a public accounting firm, but it would obviously be expensive and likely of uneven quality. Likewise it is possible for an individual to obtain a knowledge of general and cultural areas entirely on his own account, many leaders of the public accounting profession today

\(^3\)\(^0\)Ibid.

\(^3\)\(^1\)The Commission on Standards of Education and Experience for Certified Public Accountants, op. cit., p. 51.
have done so. However, even with these outstanding object lessons, it seems unrealistic to expect that an adequate number of professional accountants would now be trained through firm auspices or would acquire such training through their own efforts in their leisure hours. If the profession accepts a broad cultural education as important to the professional accountant, it is believed that such education can be accomplished through the established colleges and universities with less expense and with a greater assurance of quality.

The professional accountant needs an understanding of our economic system and a knowledge of business functions. This could involve a study of many specialties in business administration and economics, but, as a minimum, an understanding of the basic areas is required. These include, in addition to accounting and auditing, the fields of economic principles, production, marketing, finance, and statistics. Any of these areas could be studied through independent reading. However, there seems to be general agreement that a knowledge of these fields can be acquired more quickly and effectively through formal academic training.

The areas of accounting and statistics have in the past been regarded as the tool courses in college programs of business administration. To these two are now added in many institutions the fields of written and oral communication. Schools of business administration have been requiring a decreasing amount of writing in recent years, and many do not require any training in speech. This is due mainly to increasing numbers of students, changes in curricula, and constant pressures resulting from demands for new and additional courses in crowded programs. There seems to be no doubt that

\[32\text{Ibid.}\]
college students can be trained to speak and write more effectively and in less time as a part of the college program than by other means. However, the standards desired by the profession will not be attained until more emphasis and time is devoted to oral expression and to such types of written expression as report writing.

There are many references in accounting literature to the need for a better understanding of standards of professional conduct by college graduates. At the same time there appears to be a general acceptance of the idea that ethics can be taught in the classroom, and an apparent willingness to expect such professional training in graduates schools of business. Standards of professional conduct receive little attention in most college programs. Beights, in a recent article, stated that, "If the subject (professional conduct) is touched at all, it is usually in the overburdened course in auditing." 33 There is little doubt that colleges can train students in standards of professional conduct and probably can do so more effectively than can be done by other means. Such training is best accomplished by incorporating instruction and guidance in standards of professional conduct in all phases of the accounting program, rather than through specific courses devoted to that subject. This may not require any additional time, but it will require the explicit recognition of the importance of the subject in accounting programs.

Mastery of the elements of accounting principles is not difficult for any reasonably intelligent individual. There are many professional accountants today who have acquired their knowledge of accounting principles through

correspondence courses. There are probably some who have acquired their understanding of accounting principles simply by observation of actual practice, and there are many others who have studied accounting in colleges and universities. There is no single way of getting a knowledge of the principles of accounting. However, this subject is well suited to the classroom procedure and the textbook and case methods. The training received in the classroom, under supervision, can be reasonably expected to be at least as thorough, consistent, and intensive, and can be acquired in less time than by other means.

College courses in auditing are subject to more criticism by educators and practitioners, than any other part of the accounting curriculum. They feel that the teaching materials are inadequate, that the standards of instruction are leaving much room for improvement. The time element is probably the most important. With improved methods of teaching and teaching materials and with adequate time for the subject, the study of auditing principles and standards could be accomplished effectively in the classroom.

The large increase in the number of accounting programs offered by colleges and universities has been accomplished without any effective system of qualitative checks or accreditation. Some of the programs are perhaps poorly planned and inadequately staffed but, in general, an amazing amount of progress has been made in the policies, philosophy, and the practices of the schools of business administration and, more specifically, in collegiate accounting programs.\footnote{Vance, op. cit., p. 580.}

Developments in public accountancy during the past several decades have
placed greater emphasis upon the academic training of new entrants. This trend has no doubt resulted in part from the growing recognition of college training as a route of entry into the profession and has been emphasized by the increasing complexities of public accounting practice. The lack of understanding and appreciation of the type and extent of training which can be accomplished effectively through the formal educational process is perhaps the principal obstacle to full agreement among members of the profession regarding desirable educational standards for professional accountants. The rapid evolution by which schools of business administration have reached their present status may possibly be one explanation of this.

It is important to the public, to the profession, and to individuals entering professional accountancy, to know which of several methods will provide the most effective training. It may be possible to complete any one of the essential types of training entirely through the formal educational process or entirely through experience in public accountancy. The formal educational process, however, is potentially the most effective way of providing much of the training and background needed by the professional accountant. However, when existing undergraduate programs are considered, this generalization needs to be qualified for a number of reasons.

There are several problems limiting the effectiveness of the academic programs of undergraduate schools. Some of these difficulties could be solved within the existing educational pattern. One of the most important problems is the lack of adequate admission standards. The problem of uncontrolled admission is coupled with the need for tests to indicate the potentially successful individual.35

Another problem of schools of business administration is the difficulty of attracting faculty members who have had practical experience and who know how to teach. Kozelka, in a recent article, stated that: "There is a dearth of faculty who are adequately trained in the objective scientific approach to business problems and who also have had responsible business experience which helps to give validity to their teaching." This statement refers to business administration generally but it is equally as true of accounting. Beights makes this clear in his statement: "... the standards of accounting instructors in terms of academic background, experience, teaching ability, and remuneration are surprisingly low -- far below other professional schools." The scarcity of qualified personnel is a serious factor and it will be greatly intensified with the large increase of college enrollment anticipated in the future.

The third problem is the need for much more rigorous training than is now customary in many schools of business administration. However, this problem is related to the admission of qualified students, to the attraction and selection of qualified teachers, to administrative policies of the academic institutions, and to the type of curriculum adopted. A much more important problem is that the breadth and depth of training needed to fit an individual for the constantly expanding practice of accountancy is not

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36 Ibid.
39 American Accounting Association, Standards Rating Committee, op. cit.
now generally provided by undergraduate accounting programs. There is a
definite limit to the variety, depth, and comprehensiveness of training
which can be provided by even the best of educational institutions within
a given period of time. The college student of business administration is
expected to accomplish a number of important educational goals within four
years.

Present demands for specialization go far beyond the realm of practical
accomplishment within an undergraduate college program. The usual under-
graduate concentration or major in accounting consists of twenty-four to
thirty semester hours of study. It is very difficult to crowd this amount
of accounting instruction into the training that is needed to prepare a
student for professional accountancy. In fact, it is difficult if not
impossible to cover all of the varied and important areas of learning needed
in professional accountancy within the traditional four-year program. The
composite demands have become too large.

Graduate Accounting Programs

In 1956 the Commission on Standards of Education and Experience for
Certified Public Accountants sponsored by the American Institute of Certified
Public Accountants and other professional and educational societies published
its report setting forth recommendations pertaining to the education of
accountants intending to go into public practice. The Commission recommended
the development of a type of curriculum which would be new in accounting but
which has long been tested in other professions. It did not merely advocate
the addition of a fifth year of academic study or completion of existing
master's degree programs. In this connection the report recommended "the
establishment of professional (post graduate) programs, designed to follow an undergraduate curriculum with a major in accounting ... It is anticipated that the accounting curricula at the undergraduate level could be restricted to basic courses in principles, leaving the post graduate professional program with the specialized and professional aspects of preparation for public accountancy.\textsuperscript{10}

The idea of academic training in accounting beyond the undergraduate level is not new. The American Institute of Certified Public Accountants, through committees and its special council, recommended such training almost twenty years ago and specifically proposed completion of a four-year undergraduate program in arts and sciences to be followed by graduate study designed to prepare the student for professional accounting. There is a definite trend toward additional academic training in accounting following graduation, and this movement can be expected to continue. Likewise, individual educational institutions are experimenting with various types of curricula.

The formal educational process is recognized today as one of the most important ways of preparing for professional accountancy. Despite the fact that most jurisdictions now require only high school education, an increasing proportion of the individuals entering the profession are college graduates, and a majority have had at least some college preparation.

The variety, depth, and comprehensiveness of training in certain areas needed by the professional accountant, which by their nature can be most effectively acquired through the formal educational process, can now be

\textsuperscript{10}\textsuperscript{10}Pierson, \textit{op. cit.}, p. 387.
generally provided only in part by four-year undergraduate accounting programs. Educational preparation beyond the undergraduate level appears to be the most effective way to meet this need. Such advanced training should not represent only a continuation of the usual undergraduate study but should also be designed specifically to train professional accountants.
CHAPTER IV

THE PROFESSIONAL SCHOOL

As specialization increases, the solution to the problem of education for professional accountancy becomes more complex. The four-year program usually provides the student of accounting only with the essential background necessary for a profession. Therefore, more than the four-year program is needed to attain specialization and still provide the student with the knowledge he requires to have a proper background for the accounting profession.

The development of a professional post graduate program represents the central core of the long-run educational requirements as recommended by the Committee on Standards of Education and Experience for Certified Public Accountants. The proposal for such a program is predicated upon the premise that while the traditional four-year program in undergraduate schools of business administration provides the necessary training in general and cultural courses, in important core courses in business administration, and in one or more of the areas of specialization in business, such programs are not usually directed toward preparation for a particular profession. In addition, there is insufficient time available for comprehensive training in a technical subject such as accounting.

As a result of this situation, the Commission on Standards of Education and Experience for Certified Public Accountants has suggested the establishment of a post graduate program in professional accounting. This proposed program is to be set up within the framework of the present collegiate schools of business administration and will be comparable in approach and objectives to those of the professional schools developed in the other
Advantages of the School

In order to secure the attitudes, opinions, and perspectives concerning the professional school of accountancy, S. Aubrey Smith sent out 170 short questionnaires on a nation-wide basis to deans of colleges or schools of business administration, professors of accounting, controllers of corporations, and certified public accountants. The fact that 141 of these questionnaires were completed and returned indicates the great amount of interest manifested in the professional school. Smith listed the following advantages of the professional school in his questionnaire:

1. The professional school would build prestige with students, thus encouraging more good students to pursue accounting as a career.\(^{1}\) Accounting has long been a popular subject and is offered in more colleges and universities than any other business course. At the present time accounting courses are being taught in about 1500 colleges and universities. The best estimate obtainable indicates that the total student enrollment in courses in accounting is at least 225,000 and more likely 250,000. Of this total, about seventy-five per cent are enrolled in first year accounting, fifteen per cent are in second year courses, and the remaining ten per cent in advanced and graduate courses.\(^{2}\) This great interest in accounting is due to a number of reasons, one of which is that accounting is a subject which contains a great amount of factual information which is of value to the students interested in general

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\(^{2}\) David M. Beights, College of Professional Accountancy, (Florida, 1963), P. 9.
business and economic affairs. When properly taught, accounting combines the mental discipline of mathematics and logic and at the same time offers a course rich in practical information necessary for any successful person in business.

2. A professional school of accounting would improve the prestige of the accounting graduate with prospective employers. A quotation taken from an article by Sidney J. Harris which appeared in the Chicago Daily News indicates the expectations of employers toward college trained accounting graduates. The item read: "Wanted: A college graduate, trained in accounting, who knows how to read with understanding, write with clarity, speak with precision, and listen with comprehension..." Employers today are requiring more and more of the accountants to be employed in their businesses. A program of professional education would provide the theoretical background necessary for proper interpretation of practical problems. It would be designed to embody materials from actual experience to acquaint the student with some of the possible early applications. Such a program would not only enhance productivity on early job assignments but would facilitate rapid advancement to responsible positions.

3. The prestige of accounting trained people with other professionally trained people, the courts and the public in general, would be improved through the professional school. Accounting has a high carry-over value into other fields of study and activity, particularly in economics, law, business and

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43 Smith, op. cit., p. 565.


45 Smith, op. cit.
public administration. Quite frequently accountants and lawyers work together on tax cases, bankruptcy cases, and other legal or financial cases brought before the courts.

4. The professional school helps to develop professional attitudes and professional consciousness while still in college. The program would acquaint the student with the professional status he will assume in his chosen area of accounting practice. It would provide the student with an awareness of the ethical and social responsibilities which are expected of him in the economic and business environment in which he will be serving.

5. Secures better control over prerequisites and can tailor the liberal education and general business courses to fit the needs of the accounting major. The liberal education would help to place the accountant on equal social and intellectual footing with other professional people as well as with the top business executives. Social, cultural, and intellectual acceptability enhances the usefulness and influences of the professional accountant, broadens his human relationships, and better fits him to understand and carry out the social aims of his profession.

6. The professional school of accountancy would give the accounting profession the deserved recognition now accorded other professions such as law, medicine, engineering, journalism, architecture, divinity, library science, pharmacy, and the fine arts. If accountancy is to become a profession in the proper and broadest sense of the word, and is to be recognized

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46 Ibid.
47 Ibid.
48 Ibid.
as such, the colleges and universities must accept the responsibility for
the development of well-trained individuals in accounting to fit the needs
of the accounting profession. A program of professional education in
accounting would provide the student with the foundations upon which he may
base entrance into the profession and advancement eventually into positions
of leadership and responsibility. The educational program should give the
student the tools and skills necessary to recognize problems and to devise
workable solutions or recommended action.

7. The professional school of accountancy permits greater opportunity
particularly at the graduate level, for development of programs of study
leading toward controllership and public accounting and perhaps other areas
of specialization. Since the traditional four-year program of schools of
business administration can not provide the specialization in particular
areas of accounting, this makes the school of professional accountancy more
desirable.

8. The establishment of a professional school of accountancy allows
the opportunity for recommending degrees more in keeping with accounting
specialization such as Master in Accounting or Master in Professional
Accounting. The particular degree offers a type of prestige to the graduate
of the professional school and places him on a level socially with other
professional school graduates. Here, also, it is felt that even the
Bachelor of Accountancy degree would have the same effect professionally
as does the Bachelor of Laws degree.

\[49^\text{Ibid.}\]
\[50^\text{Ibid.}\]
9. The professional school of accountancy permits a more effective control over both students and curriculum. The faculty could organize its work so as to maximize coordination of internship programs.\textsuperscript{51} Sweet has suggested a type of built-in internship program which permits the upper-class students to work as junior accountants and the teachers to work as senior accountants during the first three months of the year or the busy season. This way an internship period is provided and solves the problem of heavy work during that time of the year for most of the teachers who are also practicing accounting.\textsuperscript{52}

Disadvantages of the School

The professional school of accountancy has its disadvantages as does any other establishment. The list of disadvantages as seen by Smith in his article are:

1. Additional cost will be incurred by the establishment of a professional school which will not be justified by the prospective results.\textsuperscript{53} It is felt by many who advocate the establishment for the professional school that such may not necessarily be the case. An addition or expansion, or the birth of a new institution or establishment incurs cost in some way initially. However, it is not suggested that such schools be established on a nation wide basis until adequate research and experimentation into its merits are determined through the establishment of a few schools in the beginning.

\textsuperscript{51}Ibid.

\textsuperscript{52}Sweet, \textit{op. cit.}, p. 99.

\textsuperscript{53}Smith, \textit{op. cit.}, p. 565.
2. Accountants and business people are associated in the business world and should learn to work together in college. A separate school of accountancy would tend to widen the gap. The Commission on Education and Experience for Certified Public Accountants does not recommend that a separate school be established. It suggests the establishment of a professional school or program within the school of business administration. On the other hand, however, if such a separate school were to be established, the prerequisite courses necessary for entrance into the professional school should be acquired in an undergraduate school of business administration. This would provide the necessary contact with businessmen.

3. The professional school of accountancy will set a bad precedent in the college and may give other departments ideas of independence and grandeur. Advocates of the professional school do not feel that this disadvantage has much weight. It is believed that the recognition received from the establishment of the professional school is much more important, particularly in terms of establishing the professional image of the accountant.

4. The professional school of accountancy may lead to excessive concentration in accounting subjects. From Smith's questionnaire, a very large number of the respondents did indicate that the school might lead to undue concentration and proliferation of accounting courses. This fear seems to have been in the minds of about sixty-seven per cent of those responding; however, most teachers and practitioners were of the opinion that this danger

\[54\text{Ibid.}\]
\[55\text{Ibid.}\]
\[56\text{Ibid.}\]
could easily be eradicated. Comments such as the following were typical: "not if properly administered;" "this could happen if the prerequisites for the professional school does not include adequate liberal arts background;" "a danger to be guarded against of course, but if the accountants and teachers are wise, the school will be organized along very broad fundamental lines." 57

5. There would be a tendency to accentuate training for public accounting at the expense of training for a career in business or industrial accounting in the professional school.58 It is felt that within the professional school of accountancy, specialization will exist as it does in other professional schools. In the schools of engineering, for example, one may specialize in mechanical engineering, civil engineering, or electrical engineering. In the schools of accountancy, one should be able to specialize in public accounting, controllership, or even cost accounting and industrial accounting merely by taking specific courses needed for his area of specialization.

6. With smaller schools, the professional school of accountancy will not work. It will place the smaller schools at a distinct disadvantage with the universities having large student enrollments.59 The smaller schools which now have the four-year undergraduate program of business administration could prepare the student with the broad liberal arts background, the general background in business courses, and the necessary prerequisite courses to

57 Ibid.
58 Ibid.
59 Ibid.
transfer the student to a professional school. Those students who do not desire professional training would be awarded their degrees as usual and even the pre-professional student may receive his first degree upon satisfactory completion of the requirements of the small school. The small school need not lose its status, but may enhance it by adopting the pre-professional training program.

7. The professional school would tend to waste the students' time. Five or six years is too long in college to give over to training for an accounting career. In view of the vast amount of knowledge necessary for any profession today, it is practically impossible to gain it all successfully in the traditional four years. The accounting profession is no exception. As Sweet describes the professional accountant, he must be able to engage in constructive thinking, and be able to explain financial statements so that the layman can understand them. He is never supposed to make any mistakes. He is expected to write and speak English effectively; he is supposed to be able to exercise best business judgment and have a judicial point of view. The professional accountant is naturally supposed to be a man of sterling character, and very self-reliant. In many cases these attributes must be improved, in others they must be built completely. It is definitely impossible for all of this to be accomplished in four years of training.

8. Timing is bad for the professional school. It should be postponed until practitioners and controllers request the accounting school. At the

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60 Ibid.
61 Sweet, op. cit., p. 97.
62 Smith, op. cit., p. 565.
present time, prospective employers of accounting trained graduates are requesting a higher caliber of students to enter their businesses. In view of the constantly changing economy in which we live, the expansion of big business into bigger businesses, and the complex situations created by these changes and by the government, accountants must be equipped to meet these new demands. There is no better time than now to establish the professional school of accountancy.

Views of Educators and Accountants

The attitudes concerning a professional school of accountancy and its location in relationship to other areas of accounting and instruction in business administration are very closely related. The structure of the school, where it is to be located, and to whom the responsibilities of its head are to be assigned affect materially one's views as to whether he would be for or against the program or the particular arrangement. Those who are against the idea of the school would naturally enough prefer the present orthodox location within the school of business administration as a department. Those who strongly support it have to face up to whether the school should be completely independent of the college of business or should accept the status of a school within the college of business. Both arrangements have their respective advantages and disadvantages; however, the maintenance of the school of accountancy within the college of business administration would seem to cause fewer disturbances and animosities than if it were completely detached. Time, continued growth of the profession, experience, and acceptance of a professional school by teachers of other business subjects, will, if future developments demand the professional
school as a separate college, establish a firmer basis for moving it out of the college of business completely.

The deans of colleges or schools of business administration who responded to Smith's questionnaire indicated a preponderant distaste for the professional school of accountancy. An analysis of the comments by the deans leads to the belief that while voting against the professional schools, what they really disapprove of is the idea of a school separate and apart from the college or school of business administration. The following excerpts seem to bear out this conclusion:

"In my judgement, a separate school of accounting would simply degenerate into a business college type of program which would train a group of clerical bookkeepers rather than educate accountants."

"The creation of a detached school or college of accounting would separate major participants in business education to the detriment of each."

"Practically all deans of established schools would oppose separate schools of accounting strongly."63

The survey clearly indicated that the deans of schools or colleges of business administration who responded to the questionnaire were overwhelmingly against the whole idea of a professional school. This is understandable for it is a case of resistance due to vested interest. If the schools of business administration were to lose its present accounting departments to the professional schools, a large percentage of its student enrollment would also be lost. However, at this stage of the development of professional accounting education, complete separation from the schools of business is not advisable.64

63 Ibid., p. 567.

Attitudes and opinions as expressed by professional accountants indicate that they are in favor of the professional schools. It is felt by most of them that the graduate of a school of professional accounting would be better equipped to enter the professional world and to represent the profession effectively. They also feel that the best time for the establishment of the professional school is now. The following quotations represent the views of accountants in public practice, accountants in private employment, and controllers:

"I favor the professional program provided the additional study and training is given over to a fattening up of course sequence aimed to furnish the student with an insight into the interaction of forces that play on the operation of business, but not if it is to be given over to a proliferation of the accounting courses."

"To gain the potential advantages and avoid the possible disadvantages, it is essential that each professional school of accountancy set up high standards of selection and training."

"Accounting will never be truly professional until it requires a good general education and has its own professional schools. This idea when put into effective practice will help us to grow professionally."65

Four types of arrangements are proposed for the establishment of the professional school. These will depend on the background of the entering student, the school's present undergraduate program, demands of business and professional accountants, beginning salaries of the graduates, whether the school should be open to those preparing for public accounting careers solely or for a career in accounting wherever utilized, and a host of other considerations.

65Smith, op. cit., p. 567.
The four proposals are:

1. A two-year undergraduate school built on top of a two-year program of general education.

2. A three-year program or school built on top of a two-year program of general education. Student registration in the school of accounting would pursue required non-accounting courses and general business courses in the appropriate departments of the college.

3. A two-year school built on top of a three-year program of general education and general business courses, including at least the first year of accounting.

4. A graduate school of accounting requiring a bachelor's degree to gain admission.

Smith's questionnaire regarding the arrangement of the professional school indicated that most of the individuals responding preferred to see the school established as a two-year school built on top of a three-year program of general education and general business courses, including the first year of accounting. This is in keeping with the recommendations of the Commission on Standards of Education and Experience for Certified Public Accountants.

In addition, several respondents to the questionnaire by Smith expressed rather strong feelings that the school of accountancy should be organized as a school of public accounting. It is felt that even though the school will be designed to train public accountants, this should not be its sole purpose. Basic accounting subjects and many of the advanced courses are applicable equally to those headed for the area of public accounting and those pursuing the accounting route to managerial positions. Unity and solidarity, not

fragmentation, will be required if the school of accountancy is to maximize its advantages and measure up to its challenges and opportunities.

To plug for a school of public accounting might provoke the controllers and other professional accountants into feeling that accounting educators had abandoned them. In this case, they might be expected to recommend that accounting courses leading toward controllership be transferred to the department of management. All of the advantages of a school of accounting can be secured by proper programming within the school of accounting. Students who are interested in public accounting would naturally concentrate on those subjects which lead more directly to public practice and the CPA certificate.

A school of accountancy within the college of business seems the best solution to the problem of the establishment of the professional school. The popular preference is the two-year accounting program beginning at the senior year and carrying through a fifth year. Such an arrangement will provide from sixty to ninety semester hours of course work in the humanities, human relations, social sciences, and natural sciences and mathematics. It will keep the school of accounting in close touch with other related areas of business administration and retain a basic core of business and economics of from twenty to thirty semester hours.

The arrangement will provide some general accounting training for those who contemplate a bachelor's degree only, but will permit concentration toward a professional career at the fifth year. In addition, it will allow the student to select a positive program leading toward public practice, controllership, government service, or teaching.
The Curriculum

The Committee on Professional Education, a committee of the American Institute of Certified Public Accountants, is attempting to come to grips with some of the problems of education for professional accountants. It has called for the establishment of a professional academic program which goes beyond the traditional four years.67

Within the last decade there has been an unprecedented rise in the demand for the services of accountants. This has caused recruitment of accounting trained students to be greatly accelerated and has created a demand not only for more students, but also for better trained ones.

Where the breadth of education should come in the professional school is a debatable point. The evolution of our educational system has set the model of a pyramid, with the early years devoted to general cultural inheritance, later years to the pursuit of more specialized knowledge in a limited area, and a final topping of concentrated study in a narrow field. Professional training in accounting is expected to conform with this established pattern. The curriculum for the professional school of accounting as presented here and in the tables on pages 49 and 50 is an attempt to follow this pattern.

The first year of the professional program is probably identical with the work which is offered in most of the schools or colleges or business administration now. The work of the freshman student is almost exclusively outside of the school of business administration. He is required to take

67 Frisbee, op. cit., p. 7.
### OUTLINE OF COURSES FOR THE PROFESSIONAL SCHOOL OF ACCOUNTANCY

<table>
<thead>
<tr>
<th>Year</th>
<th>Non-Business</th>
<th>Business</th>
<th>Accounting</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Freshman Year</strong></td>
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</tr>
<tr>
<td>English, Mathematics, and Science</td>
<td>18</td>
<td></td>
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<tr>
<td>Economics</td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Speech or Elective</td>
<td>3</td>
<td></td>
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<tr>
<td>Introduction to Business</td>
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</tr>
<tr>
<td>Total First Year</td>
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<td>0</td>
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<tr>
<td><strong>Sophomore Year</strong></td>
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</tr>
<tr>
<td>Literature, History, and Government</td>
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<td></td>
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<tr>
<td>Mathematics or Logic or Science</td>
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<td>6</td>
<td></td>
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<tr>
<td>Accounting (Principles)</td>
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<td></td>
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</tr>
<tr>
<td>Total Second Year</td>
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<tr>
<td><strong>Junior Year</strong></td>
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</tr>
<tr>
<td>Business Administration (Correspondence, law, statistics, finance, management and marketing)</td>
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<tr>
<td>Accounting (Intermediate and Cost)</td>
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<td>6</td>
</tr>
<tr>
<td>Total Third Year</td>
<td>0</td>
<td>24</td>
<td>6</td>
</tr>
</tbody>
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68 Ashburne, op. cit., 106.
## OUTLINE OF COURSES FOR THE PROFESSIONAL SCHOOL OF ACCOUNTANCY
### (Continued)

<table>
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<tr>
<th>Senior Year</th>
<th>Non-Business</th>
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<tr>
<td>Accounting (Financial, Advanced, Systems, and Standard Budget)</td>
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<td>3</td>
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<td>Electives</td>
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<td>6</td>
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<td><strong>Total Fourth Year</strong></td>
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<td>9</td>
<td>12</td>
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<td><strong>Four Years Total</strong></td>
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<td>36</td>
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<table>
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<th>Accounting</th>
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</thead>
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<tr>
<td>Electives</td>
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<td>0-6</td>
<td></td>
</tr>
<tr>
<td>Accounting (Taxes, Theory, Auditing, and Governmental Accounting)</td>
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<td></td>
<td>21</td>
</tr>
<tr>
<td>Accounting Electives</td>
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<td><strong>Total Professional Year</strong></td>
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<td>0-6</td>
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<tr>
<td><strong>Five Years Total</strong></td>
<td>60-66</td>
<td>36-42</td>
<td>51</td>
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</table>
courses in English, mathematics, science, and economics. In deference to the young collegian's uncertainty about his lifework, the only decision he is required to make toward a degree in business administration or accounting in his first year of college is to enroll in the course "Introduction to Business."

In the second year, the student is still not forced to make a decision regarding the professional accounting program. The requirement during this year of the accounting courses is one which is almost universal in schools of business administration. The program up to this point still does not differ from the present one in schools of business.

These first two years are devoted almost entirely to the non-business and non-accounting courses and, therefore, provide the student with the broad general liberal arts background which is necessary for entrance into any profession. This can be seen in the table on page 49.

The junior year program is also quite similar to that appearing in the usual college catalogue, with the bulk of the work in the school of business but not in accounting. Here the student acquires the necessary background in general business courses. He is required to take a course in business correspondence which aids him in meeting the requirements of prospective employers and the profession by learning to speak and write with clarity and effectiveness. Business law is an essential course which permits the student to gain an understanding of the legal aspects of the business world. It may also be considered a necessary course for the professional accountant with specific reference to successfully passing the CPA examination and with reference to working in the business and economic world.

In the fourth year the student will enter the professional school in
most institutions. As can be seen from the table, the student is limited to twenty-four hours in accounting for his first four years. This is very important if the professional accounting program is to stand on the position that a broad general education is necessary. The fourth year is probably heavier in electives than the usual accounting program today. The requirement for the additional courses in statistics and economics are necessary for the professional accountant if he is to be successful in a business environment.

By the end of the fourth year, the student pursuing a professional accounting education will have had sixty hours of non-business subjects including economics, thirty-six hours in the school of business administration other than the twenty-four hours in accounting. He would be eligible for the Bachelor of Business Administration degree in general business. As an accountant, however, he would not have reached any recognized level of professional status.

The student who has no desire to enter the professional school would take the usual prescribed courses in business administration and receive his degree upon completion of these requirements.

By the beginning of the second half of the fourth year, the candidate for the professional program would have taken an admission examination. This examination would be prepared by the accrediting commission of the professional school and administered by the professional schools. The particular school might add a section to the uniform examination to suit its own purposes. The student passing this examination would have some professional status as being qualified for professional training. He would have no license to
engage in accounting except perhaps at the clerical level.68

The course of study for the fifth year is open to wider differences of opinion with respect to sequence, content, and method. Some courses might be conducted on an all-day basis or half-day basis. Others might include some type of internship program as a part of the course.

At the end of the fifth year of professional education, the graduate would be eligible to sit for the basic professional examination, preferably the Uniform CPA Examination. After successful completion of this examination, the graduate would be entitled to carry the designation as Certified Public Accountant.

Upon completion of a course such as the one previously described, Ashburne recommends that the title of Accredited Accountant be bestowed upon the individual and allow him to be licensed to perform all accounting services which do not require an opinion on the fairness of presentation of the statements. Although these individuals will not have passed the Uniform CPA Examination, they would have passed the examination prepared by the board of accreditation. The Accredited Accountant who desires to perform audits would be required to work in the employ of a Certified Public Accountant for a period of time agreed upon by the profession. After this period of time has been served, he would be able to sit for the Uniform CPA Examination.69

It is felt that aspirants for any accounting career do well to take a common core of accounting courses. In fact, at the lower levels this is essential. Beyond elementary accounting, this common core would include

68 Ashburne, op. cit., p. 106.

69 Ibid.
three semesters of what is frequently called "Financial Accounting," which consists of intermediate accounting and advanced accounting, one semester each of cost accounting and Federal Income Taxes, and a semester of the principles of auditing and of systems. After this plateau has been reached, specialization is practical. For the public accountant trainee, additional work in auditing, taxes, governmental accounting, professional ethics, and practice administration, theory seminars, and CPA law subjects and CPA problem courses seem desirable. For the industrial accountant trainee, additional courses in systems, data processing, cost accounting, budgeting and controllership, a basic course in auditing and an intermediate course in statistics seem desirable.

Ibid., p. 108.
CHAPTER V

SUMMARY AND CONCLUSIONS

The preceding chapters have been presented as an analysis of the professional school of accountancy with specific reference to the education of professional accountants. The foregoing analysis and presentation were designed to point out the weaknesses in the present educational process for training individuals for the accounting profession. It has also been presented to illustrate the highlights of the professional school of accounting and to offer some practical solutions to the problem of education and the training of accountants, not only for the purpose of meeting the demands of accounting today, but to supply the adequately trained individual to meet the demands of accounting in the future.

The early practice of accounting was largely confined to routine bookkeeping and a periodical detailed investigation of the records of the businesses. These activities have gradually changed in approach and in emphasis due mainly to the changes in our economic and social environment.

Because of the radical changes and expansion of scope in the practice of accounting during the past fifty years, the original concepts of the work of the accountant have clearly become outmoded. Fifty years ago the types of services performed by the accountant were so few, so relatively uniform, and so simply defined that it may have been quite reasonable to express the technical qualifications to practice in terms of years of experience and successfully passing a written examination. Today the field of service is so broadly expanded that it is felt the time has come to initiate a new approach to the qualifications of individuals entering the profession of accounting.
The formal educational preparation of candidates for the profession needs to be much more advanced than that now required by most accountancy legislation and more thorough and comprehensive than that which is now provided by most of our educational institutions.

It is the opinion of the writer that the professional schools of accountancy are requisite and desirable. In order for accountants to maintain their professional status, they must provide some means for the training and education of new applicants for the profession. The professional school, established within the present framework of the schools of business administration, would definitely be a step in the right direction.

To establish a professional school, separate and apart from the present schools of business at this time may cause major difficulties. The writer does not feel that the profession has developed a foundation leading toward a completely separate school. To establish the professional school within the schools of business administration would give the educational institutions an opportunity to become accustomed to the program and then the profession could gradually revise the program until it has attained the status of a separate school. It is hoped by the writer that such separate schools of accounting will eventually arise out of the professional schools established in the present schools of business administration.

It is the abrupt proposed changes in the educational systems which are causing the major difficulties and confusions. In order for the gradual changes to be effective, the professional accountants, the national organizations of accountants, and the boards of accountancy in each state, district, and territory must work diligently and cooperatively with the educational institutions and the accounting educators.
The schools of accountancy could realize their objectives much more effectively if the rules and regulations governing the profession were more uniform. There are vast differences in the legislation of accounting in our many states. This makes it difficult to clearly establish the aims and objectives of the professional school with reference to the particular courses needed, the amount of experience which can be displaced or waived in lieu of the additional education provided, and in terms of the amount of experience which can be supplied within the professional school through internship programs.

In view of the wide differences in our legislation on accounting, the national organizations of accountants, the American Institute of Certified Public Accountants and the American Accounting Association, should promptly begin action toward developing uniformity among the jurisdictions with reference to legislation regarding the education, experience, and other qualifications of the profession.

The author strongly believes that a broad general liberal arts background is necessary for entrance into a profession. Since the practice of accounting takes place within a social and business environment, the educational institutions should place emphasis on the study of liberal arts in training students for the profession. The professional accountant must be able to meet people daily, to communicate with these people in terms they will be able to understand. The professional accountant not only comes into contact with other professionals and educated persons, but he also has many dealings with the average layman and the uneducated persons. These people, too, are important to accountants. The accountant needs to have an understanding of human relations in order to fully understand his clients' problems and to offer a workable solution. This broad liberal arts background which
is so vitally necessary to the profession can best be obtained in our educational institutions.

Professional accountants in the business world should possess a knowledge of the basic practices and policies of general business administration and should have a clear understanding of economics and statistics. The early years of education in the schools of business administration could provide him with this necessary background in business and economics prior to his matriculation in the school of accountancy. The accounting education provided in the schools of business administration should not be minimized. The schools of business should focus on the problem of how this educational base can be broadened without destroying the means by which future professional accountants can acquire the education and training they will need.

The professional accountants of tomorrow will need the broadest possible general education, and also intensive technical training. Neither will be adequate without the other. All professions have been looking more and more to the colleges and universities to provide both. Professional accountants can be proud of the current trend for emphasizing liberal education in the schools of business administration, but they should resist any implication that accounting is merely a trade which should be learned by practice.

The writer feels that the schools of accountancy should provide a curriculum which will equip young men and women for the world of their future as well as the world of today. The professional school established within the framework of the present schools of business on a five-year basis would provide the necessary requirements of the profession which were
recommended by the Commission on Standards of Education and Experience for Certified Public Accountants.

The professional school will provide for the broad liberal arts background necessary for the profession, the background needed in general business administration and economics, and the specialization in accounting that the student will need in his chosen area of accounting. Internship programs in the professional school, in cooperation with accounting firms and private practitioners could provide for some of the experience requirements. The student would have the opportunity to engage in solving business problems as opposed to strict accounting problems and would gain familiarity with the business and economic world through the internship program.

The new graduate of the professional school would come into his chosen area of the accounting profession with an adequate training in communication skills, both oral and written. Further, the graduate would have a better understanding of human relations. He would be qualified to deal with people and to accept supervisory responsibilities earlier in his professional career.

Others would benefit, directly or indirectly, from the professional school of accountancy: the businessman, because he would receive a better trained accountant; the teacher, because of the added prestige and the increased compensation; and most of all, the professional accountant in practice today, because his professional status would be enhanced by the establishment of such school.
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Articles


