

# Position and Issues Statements of the Accounting Education Change Commission

## Position Statement Number One Objectives of Education for Accountants September 1990

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*The Accounting Education Change Commission was appointed in 1989 by the American Accounting Association and supported by the Sponsors' Education Task Force, representing the largest public accounting firms in the United States. Its objective is to be a catalyst for improving the academic preparation of accountants so that entrants to the accounting profession possess the skills, knowledge, and attitudes required for success in accounting career paths. This document may be copied without restriction.*

#### **OBJECTIVES OF EDUCATION FOR ACCOUNTANTS**

The purpose of this Statement is to set out the Commission's views on the objectives of Education for accountants. The Commission believes such a statement will provide a focus for those participating in the work of improving accounting education.

The Commission's aim is to enlist the cooperation and creativity of the academic community and other stakeholders to bring about needed changes in accounting education. The need for changes has arisen because accounting programs have not kept pace with the dynamic, complex, expanding, and constantly changing profession for which students are being educated. The need has been documented in "Future Accounting Education: Preparing for the Expanding Profession" (the Bedford Committee Report) and "Perspectives on Education: Capabilities for Success in the Accounting Profession".

The Commission defines the accounting profession broadly. It includes career paths in public accounting as practice in large, medium, and small firms, corporate accounting (including financial management, controllership, treasury, financial analysis, planning and budgeting, cost accounting, internal audit, systems, tax, and general accounting), and government and nonprofit accounting.

## **DESIRED CAPABILITIES**

Accounting programs should prepare students to **become** professional accountants, not to **be** professional accountants at the time of entry to the profession. At the time of entry, graduates cannot be expected to have the range of knowledge and skills of experienced professional accountants. To attain and maintain the status of a professional accountant requires continual learning. Therefore, pre-entry education should lay the base on which life-long learning can be built. In other words, graduates should be taught how to learn. The base on which life-long learning is built has three components: skills, knowledge, and professional orientation.

### **Skills**

To become successful professionals, accounting graduates must possess communication skills, intellectual skills, and interpersonal skills. Communication skills include both receiving and transmitting information and concepts, including effective reading, listening, writing, and speaking. Intellectual skills include the ability to locate, obtain and organize information and the ability to identify and solve unstructured problems in unfamiliar settings, and to exercise judgment based on comprehension of an unfocused set of facts. Interpersonal skills include the ability to work effectively in groups and to provide leadership when appropriate.

### **Knowledge**

Accounting graduates should have general knowledge, organizational and business knowledge, and accounting knowledge. General knowledge will help accounting professionals to understand the complex interdependence between the profession and society and to interact with diverse groups of people. Such general knowledge should include an appreciation of the flow of ideas and events in history, an awareness of the different cultures and socio-political forces in today's world, a broad understanding of mathematics and economics, and an aesthetic sensibility. It will lead to an improved understanding of the world-wide economic, political, and social forces affecting society and the profession.

Professional accountants must understand the work environments found in organizations. They must understand the basic internal workings of organizations and the methods by which organizations change. Because organizations are affected by rapidly increasing dependency on technology, accounting professionals must understand the current and future roles of information technology in organizations.

A strong fundamental understanding of accounting is necessary for successful accounting careers. This understanding includes 1) the ability to identify goals, problems, and opportunities, 2) the ability to identify, gather, measure, summarize, verify, analyze, and interpret financial and nonfinancial data that are useful for addressing the goals, problems, and opportunities, and 3) the ability to use data, exercise judgments, evaluate risks, and solve real-world problems. The focus should be on developing analytical and conceptual thinking, not on memorizing professional standards.

### **Professional Orientation**

Accounting graduates should identify with the profession and be concerned with developing the knowledge, skills, and values of its members. They should know and understand the ethics of the profession and be able to make value-based judgments. They should be prepared to address issues with integrity, objectivity, competence and concern for the public interest.

## **COURSES AND COURSE CONTENT**

The overriding objective in developing course content should be to create a base upon which continued learning can be built. Professional accounting education has four components: general education, general business education, general accounting education, and specialized accounting education. The components can be addressed in a variety of ways. No one model of accounting education will be appropriate for all colleges and universities. Nevertheless, some minimum coverage of all four areas, including integration of the areas, should be part of the education of every accountant.

## **General Education**

The curriculum for general education should develop in students the capacities for inquiry, abstract logical thinking, and critical analysis, and should train them to understand and use quantitative data. It should improve their writing to the degree that they can perform at the level acceptable for professional accountants and should give them some awareness of the ingredients of sound research. It should develop speaking and listening skills, historical consciousness, international and multicultural knowledge, an appreciation of science, and the study of values and their role in decision making. And it should include the esthetic experience. This goal will not be met by a random set of courses. Some structured set of courses is required, but the structure should not be overly restrictive.

## **General Business Education**

Professional accountants must understand the environments in which they work. Accounting programs should therefore include courses designed to develop knowledge of the functional activities of business, government, and nonprofit organizations. The courses should cover finance, marketing, operations, organizational behavior, and how the general manager integrates all these functions.

The introductory accounting course should be given special attention. It must serve the interests of students who are not going to enter the profession as well as those who are. The broad approach recommended in these objectives serves the interests and needs of both groups. The course should teach, reinforce, and reward the skills, abilities, and attitudes that are necessary for success in the accounting profession. This will give students accurate knowledge about the nature of accounting careers, which will help them make a well informed choice about entering the profession.

## **General Accounting Education**

Accounting courses should present accounting as an information development and communication process. The central theme should be how information is identified, measured, communicated, and used. The courses' essential components should be: 1) decision making and information in organizations, 2) design and use of information systems, 3) financial information and public reporting including attestation, and 4) knowledge of the accounting profession. Courses should focus on both basic concepts and the application of these concepts in real-world environments, including international and ethical issues.

## **Specialized Accounting Education**

Specialized accounting education should follow only after attainment of general accounting, organizational, and business knowledge. Therefore, it should be offered primarily at the post-baccalaureate level and via continuing education. Specialized accounting programs may include advanced study in financial accounting, management accounting, taxation, information systems, auditing, government (or nonprofit) accounting, and international accounting.

Continuing professional education may overlap considerably with specialized accounting education offered by universities. The principle of comparative advantage should govern which types of specializations are offered by universities and which by others.

## **INSTRUCTIONAL METHODS**

The overriding objective of accounting programs should be to teach students to learn on their own. Therefore, accounting programs should not focus primarily on preparation for professional examinations. Students should be taught the skills and strategies that help them learn more effectively and how to use these effective learning strategies to continue to learn throughout their lifetimes.

Students must be active participants in the learning process, not passive recipients of information. They should identify and solve unstructured problems that require use of multiple information sources. Learning by doing should be emphasized. Working in groups should be encouraged.

Creative use of technology is essential.

Accounting classes should not focus only on accounting knowledge. Teaching methods that expand and reinforce basic communication, intellectual, and interpersonal skills should be used.

Faculty must be trained to apply appropriate instructional methods. Doctoral programs therefore should give more attention to teaching methods. Faculty who are effective teachers and those who develop and implement new or innovative approaches to teaching and curriculum design should be recognized and rewarded for such scholarly activities.

Knowledge of historical and contemporary events affecting the profession is essential to effective teaching. It allows teachers to make lessons more relevant and to lend a real-world perspective to their classroom. Faculty should therefore have current knowledge of the profession and its environment. Incentives should motivate faculty to be knowledgeable about and involved in the current professional accounting environment.

Instructional methods and materials need to change as the environment changes. Measurement and evaluation systems that encourage continuous updating and improvement of instructional methods and materials should be developed.

## APPENDIX A

### LEARNING TO LEARN

Learning is often defined and measured in terms of knowledge of facts, concepts, or principles. This "transfer of knowledge" approach to education has been the traditional focus of accounting education. One goal of the Accounting Education Change Commission is to change the educational focus from knowledge acquisition to "learning to learn," that is, developing in students the motivation and capacity to continue to learn outside the formal educational environment. Learning to learn involves developing skills and strategies that help one learn more effectively and to use these effective learning strategies to continue to learn throughout his or her lifetime.

Academic programs focused on teaching students how to learn must address three issues: 1) content, 2) process, and 3) attitudes.

The **content** of the program must create a base upon which continued learning can be built. Developing both an understanding of underlying concepts and principles and the ability to apply and adapt those concepts and principles in a variety of contexts and circumstances are essential to life-long learning. A focus on memorization of rules and regulations is contrary to the goal of learning to learn.

The **process** of learning should focus on developing the ability to identify problems and opportunities, search out the desired information, analyze and interpret the information, and reach a well reasoned conclusion. Understanding the process of inquiry in an unstructured environment is an important part of learning to learn.

Above all, an **attitude** of continual inquiry and life-long learning is essential for learning to learn. An attitude of accepting, even thriving on, uncertainty and unstructured situations should be fostered. An attitude of seeking continual improvement, both of self and the profession, will lead to life-long learning.

## APPENDIX B

### COMPOSITE PROFILE OF CAPABILITIES NEEDED BY ACCOUNTING GRADUATES

1. General Knowledge
  - o An understanding of the flow of ideas and events in history and the different cultures in today's world.
  - o Basic knowledge of psychology, economics, mathematics through calculus, and statistics.

- A sense of the breadth of ideas, issues, and contrasting economic, political and social forces in the world.
- An awareness of personal and social values and of the process of inquiry and judgment.
- An appreciation of art, literature, and science.

## 2. Intellectual Skills

- Capacities for inquiry, abstract logical thinking, inductive and deductive reasoning, and critical analysis.
- Ability to identify and solve unstructured problems in unfamiliar settings and to apply problem-solving skills in a consultative process.
- Ability to identify ethical issues and apply a value-based reasoning system to ethical questions.
- Ability to understand the determining forces in a given situation and to predict their effects.
- Ability to manage sources of stress by selecting and assigning priorities within restricted resources and to organize work to meet tight deadlines.

## 3. Interpersonal Skills

- Ability to work with others, particularly in groups, to influence them, to lead them, to organize and delegate tasks, to motivate and develop people, and to withstand and resolve conflict.
- Ability to interact with culturally and intellectually diverse people.

## 4. Communication Skills

- Ability to present, discuss, and defend views effectively through formal and informal, written and spoken language.
- Ability to listen effectively.
- Ability to locate, obtain, organize, report, and use information from human, print, and electronic sources.

## 5. Organizational and Business Knowledge

- A knowledge of the activities of business, government, and nonprofit organizations, and of the environments in which they operate, including the major economic, legal, political, social, and cultural forces and their influences.
- A basic knowledge of finance, including financial statement analysis, financial instruments, and capital markets, both domestic and international.
- An understanding of interpersonal and group dynamics in business.
- An understanding of the methods for creating and managing change in organizations.
- An understanding of the basic internal workings of organizations and the application of this knowledge to specific examples.

## 6. Accounting Knowledge

- History of the accounting profession and accounting thought.
- Content, concepts, structure, and meaning of reporting for organizational operations, both for internal and external use, including the information needs of financial decision makers and the role of accounting information in satisfying those needs.
- Policy issues, environmental factors, and the regulation of accounting.
- Ethical and professional responsibilities of an accountant.
- The process of identifying, gathering, measuring, summarizing, and analyzing financial data in business organizations, including:
  - The role of information systems
  - The concepts and principles of information system design and use
  - The methods and processes of information system design and use
  - The current and future roles of computer-based information technology
- The concepts, methods, and processes of control that provide for the accuracy and integrity of financial data and safeguarding of business assets.
- The nature of attest services and the conceptual and procedural bases for performing them.
- Taxation and its impact on financial and managerial decisions.
- In-depth knowledge in one or more specialized areas, such as financial accounting,

management accounting, taxation, information systems, auditing, nonprofit, government, and international accounting.

7. Accounting Skills

- Ability to apply accounting knowledge to solve real-world problems.

8. Personal Capacities and Attitudes

- Creative thinking
- Integrity
- Energy
- Motivation
- Persistence
- Empathy
- Leadership
- Sensitivity to social responsibilities
- A commitment of life-long learning

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