

The Bedford Report

Future Accounting Education: Preparing For The Expanding Profession

Part I: The Expanding Profession

Features of the Expanding Profession

Accounting services are becoming both broader and more specialized. Accounting in all aspects is expanding. In public accounting, the audit of published financial statements, although still growing, represents a declining percentage of the public accountants' activities. As a result of increased demand by their clients for effective applications of information systems and operational auditing, most public accounting firms are expanding their functions to provide such services as accounting consultation, compilation and review, special investigations, claims auditing, litigation support, and operational auditing, among others. An accounting firm's consulting services may include advice on such topics as computer acquisition, installation, and operation; financial planning and structuring; and general management issues. Each of these specialized services has steadily expanded as accountants have added new products and service lines to their expertise. As this trend continues, the public expects the professional accountant to have a general manager's perspective and to understand national goals, in addition to qualifying as a technical expert. Simultaneously, at the individual service level, the degree of specialization is increasing to provide the precise type and amount of information client organizations need to perform well in an increasingly complex economic society.

In government, the accountant's role continues to expand into financial management. As government entities at all levels focus on increased accountability in a period of constrained resources, they must give more attention to planning, programming, budgeting, and meaningful disclosure. Accountants in government participate in planning by estimating future revenues and costs and in setting standards for financial controls; they are participating in programming by assuring that links with planning and budgeting are consistent; and appropriation and fund accounting are being combined into a budgetary-control system that includes information about efficiency and effectiveness. To provide credible service in this expanding arena, government accountants and auditors must understand the organization's goals and the strategies used for attaining those goals efficiently. They need competence in systems analysis and assessment methods.

Similarly, corporate managers prefer the advice of accounting information experts who understand the organization as a whole and the strategic and tactical problems of senior management. Technical knowledge of financial reporting continues to be required, but in addition, the more capable accounting executives need to know how to design, diagnose, and monitor systems for planning and controlling operations and for evaluating proposals submitted by others.

As a major instrument for bringing discipline to planning, for evaluating performance, and for motivating people, the expanded accounting system will continue as the key quantitative information system in almost every organization. However, the accounting system in the future will include information on external events and circumstances and internal information will be less tightly linked to the traditional financial statements now used in reports to shareholders.

Many of the new accounting services are more innovative-intensive than standard-intensive. Innovative-intensive services are those calling for highly skilled specialists to establish new approaches or techniques for meeting management needs. Standard-intensive services entailed large numbers of people performing tasks that can be reduced to routine procedures based on experience and practice.

Current trends suggest that, in public accounting, the standard-intensive services upon which the size and profits of firms were built in the past are becoming relatively less significant. Similarly, in government and corporate accounting, expanding demands are being met by individuals and units who are innovative and who have hands-on experience with relatively new services and technologies.

Accountants who remain narrowly educated will find it more difficult to compete in an expanding profession. Individuals who lack an understanding of how various accounting information systems coordinate and guide complex organizations cannot provide professional quality services involving those systems. Future practicing accountants need a broader education in order to meet this challenge.

Specifically, the expanding educational needs of accounting professionals may be characterized as follows:

1. Accountants must know how to design and diagnose comprehensive information systems for all types and sizes of organizations. A key indicator of accountants' success will be how well the systems and reports serve both managers and external users. Knowledge of the general management of organizations will become more important to the relative achievement and functions of accountants.
2. Accountants must acquire, maintain, and continuously enhance higher levels of competence to meet expanding and increasingly diverse demands for services. Meeting such demands and marketing newly developed services offers opportunities and challenges. If accountants do not respond to these opportunities, individuals from other disciplines will provide the required services, thus narrowing the scope of accounting practice.
3. Accountants must pursue lifelong learning as a means of adjusting to change. For example, they must learn to adapt to the development and use of increasingly complex information technologies. Without lifelong learning, professional accounting education would have to be expanded beyond any feasible number of years, and even then it could not prepare professionals for changes that cannot be predicted. Continuing education programs will thus become even more important in the coming years.