

The Bedford Report

Future Accounting Education: Preparing For The Expanding Profession

PROLOGUE

All professions change over time. They adapt to changes in cultural attitudes and mores, to shifting economic conditions, to scientific discoveries and technological innovations, and to a host of other developments that mark the evolution of societies. In short, all professions adapt to transformations in the human values and needs which give rise to them.

Frequently, however, most of the institutions responsible for educating professionals fail to evolve as rapidly as professional practice itself. A substantial reorientation of institutional programs becomes necessary to assure that professional education meets the changing needs of professional practice, just as the practice evolves to meet the changing needs of the society it serves.

The accounting profession—in government, corporate, and public practice—is currently in a state of flux, reflecting massive changes taking place in technology, social values and in social, government, and business institutions. In government and industry, information systems consultants, lawyers, economists, and engineers are associating with traditional accounting responsibilities in information systems, taxation, budget preparation, management and operating controls, and strategic planning. In public accounting, competition in the pricing of auditing and other services has forced cost reduction efforts; the general public has become aware of audit failures, which some associate with a decline in the quality of audit services; the costs of legal liability, based on claims of inadequate auditing, have increased dramatically; and discussions of the professional ethical standards of management accountants, internal auditors, and public accountants attract the interest of a variety of different audiences outside those respective groups.

The current state of change is not confined to traditional areas of the accounting function. Accountants in government, industry, and public practice are providing services ranging from data collection and analysis to the installation and operation of computer-based information systems and to strategic planning and implementation. The knowledge and skills used in providing these diverse services extend far beyond the technical expertise traditionally required to audit financial statements. Accounting rules, standards, and concepts have increased in number and in complexity as accounting has been challenged to provide appropriate information for different purposes. Accountants have progressively had to extend their knowledge and skills to include a grasp of the economic and social environment in which an organization operates. As a result, some important questions arise: What is the accounting profession? What is it becoming? What should it be?

This Committee foresees the continuing emergence of an accounting profession which will provide information for economic and social decisions, using sophisticated measurement and communication technologies applied to a substantially enlarged scope of phenomena. Within this expanded profession, auditing and the attest function will continue to be important focal points, even as the levels of technical, conceptual, and human relations skills required to perform these functions continue to change.

Characteristics of the expanded profession are still developing and are, in some areas, difficult to discern. However, there is little doubt that the current content of professional accounting education, which has remained substantially the same over the past fifty years, is generally inadequate for the future accounting professional. A growing gap exists between what accountants do and what accounting educators teach. This gap will not be closed by efforts to update random aspects of accounting education. Rather a complete reorientation of accounting education may be needed

though the direction of this reorientation is difficult to specify clearly. As a result of unsettled directions in the expanding scope of accounting activities, the explosion of accounting concepts and new applications of accounting in practice, and the emergence of new accounting methods and technologies, considerable institutional flexibility should be allowed in redirecting the structure, content, and scope of accounting educational programs.

A corollary development, which will greatly influence the emergence of a restructured accounting education, is the nationwide interest in the improvement of higher education in all areas. Not only have several national reports called for more liberal arts and sciences education for all university students, but practicing accountants have recognized the need to develop the entering accountant's ability to think, to communicate, and to understand the nature and role of ethics. These developments and a host of other broad educational objectives suggest that extensive changes and expansions must occur in the accounting professional education program by the year 2000.

Given these considerations, the Committee has reached the following general conclusions on which it bases this report:

1. The accounting profession is expanding, entering a new era with new functions within organizations and within society and with new expectations of those who enter it. (Part I).
2. The current state of most professional accounting education programs is inadequate to meet the needs of this expanded profession. (Part II).
3. The future scope, content, and structure of accounting education, in all its phases, must undergo reassessment and redirection to meet the needs of the expanded accounting profession and the future accounting professional. (Part III).

This report discusses each of these considerations in turn, concluding with specific recommendations for achieving the requisite redirection in accounting education.