The Accounting Education Change Commission: Its History and Impact

Chapter 6
Position and Issues Statements

In addition to promoting change and implementing and monitoring the grant program, the Memorandum of Understanding establishing the AECC included the following:

> The Commission shall act as a forum for the identification, examination, and discussion of issues related to the education of accountants. The commission shall seek to identify the interests, concerns, and priorities of the most relevant stakeholders regarding the education of accountants and prospective changes thereto. *The Commission shall act as a catalyst for the cultivation of consensus* and promotion of actions among the various stakeholders in the reengineering of the education of accountants. (AECC 1989a, 5) [emphasis added]

To "act as a catalyst for the cultivation of consensus" the Commission needed a mechanism for preparing and exposing drafts of positions of the Commission. It was not sufficient to merely present the various sides of issues. The Commission had to try to forge a consensus and make that consensus known. To do this, it introduced two types of documents, Position Statements and Issues Statements. The two Position Statements and the six Issues Statements of the Commission are published in a single monograph (Accounting Education Change Commission and American Accounting Association 1996).

Position Statements, the more formal of the two document types, were conceived first. They required two votes of the Commission. A draft of a Position Statement would be authorized for exposure to the public by a 60 percent favorable vote of the Commission. Statements so authorized were to be widely disseminated for public comment. After making revisions based on the comments received, another 60 percent favorable vote was required for the Statement to become the official position of the Commission.

In August 1990 the Commission decided that timeliness of a Statement was more important than the exposure process. Thus was born the Issues Statement. Issues Statement No. 1, *AECC Urges Priority for Teaching in Higher Education*, was presented to the Commission, revised, and approved at that single meeting. With the benefit of hindsight, I believe the quick approval of this Statement was a mistake. It led to misunderstandings that could have been avoided by a proper exposure and revision process. While the other five Issues Statements were not as controversial, none of the six needed quick approval and could have gone through the exposure process of Position Statements. In fact, at least one did go through an exposure process and therefore could have been issued as a Position Statement.

Position Statement Number One

One of the major roadblocks to change in accounting education in the 1980s was lack of agreement on the directions of change. Even as the AECC began its efforts, such agreement was elusive. Barefield (1991, 307) summarized it as follows:

> I would argue that the RFP statement presumes too much agreement on the type of change required and, as noted earlier, that proponents of change err in believing that those 30 plus years of debate and the limited actions to date are viewed similarly by all concerned. There is great consensus that change is needed but there is less agreement that the AECC and any or all of those other forces seeking change have a monopoly on an understanding of what types of change are appropriate or how they are to be achieved.

The Commission recognized this disagreement. But such disagreements are what had put accounting academe behind practice in reacting to a changing environment. Agreement on at least a general direction for change was necessary if the Commission was to carry out its task of fostering implementation of change rather than simply studying impacts of various changes.

The Commission was given an explicit mandate to implement the Bedford Committee report and Big 8 White Paper. It neither took this mandate lightly nor blindly accepted it. Much time during the Commission's first three meetings was spent developing its own interpretation of the direction of change. The timeline on preparation of Position Statement No. One, *Objectives of Education for Accountants*, was as follows:

- December 14, 1989—Draft of the Statement presented to the AECC by the Objectives of Education for Accountants Task Force (Jim Loebbecke and Gary Sundem)
- February 26, 1990—Commission approved the Statement for exposure after adding an appendix on "Learning to Learn"
- June 6, 1990—Commission discussed feedback received during the exposure period and asked the Executive Director to prepare a draft incorporating both public and Commission comments
- August 7, 1990—Position Statement No. One approved by a 13–1 vote

Position Statement No. One is by far the most often referenced Statement of the Commission. More than 17,000 copies were distributed. It broke no new ground, but it consolidated what the Commission members considered the most important parts of the Bedford Committee report and the Big 8 White Paper. The Statement first lists the desired capabilities in accounting graduates and then presents the implications of this for course and curriculum development and for instructional methods.

The first sentence under the heading "Desired Capabilities" sets the tone for the Statement: "Accounting programs should prepare students to **<u>become</u>** professional accountants, not to **<u>be</u>** professional accountants at the time of entry to the profession" [bold in the original]. The Statement focuses on accounting education, not accounting training, although it does not use those words. It sees undergraduate accounting education as the building of a base upon which specialized knowledge and training can be built.

The most controversial part of the Statement, as reflected in the public comments received, is that "[s]pecialized accounting education...should be offered primarily at the post-baccalaureate level and via continuing education." The Commission did not regard this as an endorsement of five-year programs for entry to the profession. In contrast, the common background for all entering the profession should be a broad, conceptual understanding of accounting and its role in economic decisions. I think a majority of the Commission members believed that specialized education is necessary for success in the accounting profession. However, it is not needed at the time of entry, and it can be achieved by a variety of methods, only one of which is graduate accounting education.

Another controversial interpretation of the Statement was the emphasis on liberal arts education. Barefield (1991, 310–311), among others, criticized the view that additional liberal arts education would enhance students' ability to think critically and to communicate well. Although Position Statement No. One did not explicitly recommend an increase in the liberal arts component of accounting education, much of the discussion surrounding the Statement did. However, the Commission's recommendation was the *integration* of liberal arts and professional education, not simply the addition of more liberal arts courses.

Commission member Joan Stark, in her monograph *Strengthening the Ties that Bind* (Stark and Lowther 1988), criticizes the "separate but equal" view of liberal arts and professional education present on many campuses. She rejects "timeframe tinkering," that is, using distribution requirements to increase the liberal arts component of professional education. In his introduction to the monograph, former President of Cornell University Frank Rhodes stated: "Too many institutions have simply added more liberal arts courses to already burdensome programs of professional education. Rarely have they attempted to integrate liberal and professional education in ways that have meaning for all students; rarely have they been able to link high standards of scholarship and professional practice to critical thinking on the fundamental issues of life" (Stark and Lowther 1988, 1).

Everyone agrees that graduates should be able to think critically, relate to others, make ethical judgments, and communicate. Too often both liberal arts and professional faculties consider these areas to be the domain of the liberal arts. Professional faculties criticize the liberal arts for not doing them well, and liberal arts faculties decry their lack of time to accomplish them. This conflict, in addition to battles over students and resources, has led to a separation between liberal arts and professional education and educators. The solution is not more or less coursework in either area, but the integration of the liberal arts values into the professional curriculum.

Responding to the AECC's emphasis on liberal arts values by a simple increase in the number of "arts, humanities, and sciences" courses would be counterproductive. In many universities, such a requirement could (and probably would) be satisfied by courses that did not accomplish the desired objectives. Thus, an accounting program that met the AECC's objective by simply requiring additional liberal arts courses would probably harm rather than improve the program. Students would view the courses as a necessary evil, and the values would not be carried over into their accounting and business classes.

If the position of the Commission had been made more clearly, programs would have placed more emphasis on using techniques from good liberal arts programs to enhance the accounting curriculum's ability to teach students to think, relate, and communicate. More of a liberal arts approach to the accounting curriculum could also instill in students a greater appreciation for accounting's role in and contributions to society. The answer is not additional liberal arts courses but making accounting and business courses more like good liberal arts courses.

Teaching introductory accounting as a liberal arts topic is not a new idea. Courtney Brown (1964), then Dean of the Columbia Graduate School of Business, suggested:

> Any subject that is taught in the great liberating tradition of teaching can be made a liberal art. This tradition minimizes the descriptive and instead it emphasizes the perspective of historical development, the analytical significance of the material to other important aspects of society, and its comparative characteristics and values in differing cultures. This sounds like we must be getting pretty far away from the first course in accounting and I suspect we will, as the first accounting course is now taught.

He went on to suggest that to attract students with the intelligence and other traits required in accounting, the introductory accounting course, like a course in Chaucer, must be taught in the liberal tradition. The AECC did not need to break new ground; it just needed to repeat this plea of nearly 30 years ago.

Appendix A of Position Statement No. One, "Learning to Learn," has also received much attention. It states that "programs focused on teaching students how to learn must address three issues: (1) content, (2) process, and (3) attitudes." However, the Statement did not give much guidance on how to accomplish this. Therefore, the Commission devoted additional attention to this issue and five years later produced a monograph elaborating on the concept (Francis et al. 1995). This monograph was discussed in more detail in chapter 5 of this monograph.

Position Statement Number Two

On November 8, 1990, the Student Recruiting Task Force (later known as the Student Quality Task Force) proposed development of a Statement on the introductory accounting course. The Chair of the Task force, Rick Elam, led the development of a draft Statement, which was presented to the Commission on January 17, 1991. After several iterations, and with the considerable help of Bob Elliott and Joan Stark, the Commission approved exposure of the Statement on February 11, 1992. On May 14, 1992, the Commission revised the Statement based on comments received and unanimously approved the final Statement, which was titled *The First Course in Accounting*.

It is significant that the Student Recruiting (Quality) Task Force was charged with developing this Statement. The Commission clearly believed that this course is a major factor in determining who enters accounting programs and who doesn't. Although only the following brief section deals directly with this issue, the entire Statement is consistent with the goal of attracting the best and brightest to accounting:

> The first course has even more significance for those considering a career in accounting and those otherwise open to the option of majoring in accounting. The course shapes their perceptions of (1) the profession, (2) the aptitudes and skills needed for successful careers in accounting, and (3) the nature of career opportunities in accounting. These perceptions affect whether the supply of talent will be sufficient for the profession to thrive.

The Commission spent much time discussing how to attract the best students to accounting. However, other than this Statement and work at Kansas State University as part of its AECC grant, the Commission did little to directly influence the ways accounting programs attract students. The problem was evident in a 1991 study by the AICPA (AICPA and Gallup Organization 1991). The study found that both high school and college students ranked accounting last among the six top professions; medicine, law, teaching, engineering, and financial planning were all ranked as substantially more desirable than accounting. The most common task they attributed to accountants was preparing tax returns. They perceived that being an accountant requires honesty, problem-solving ability, and a numerical orientation. The college students had an especially unfavorable view of accountants, with only about one-third responding that accounting requires working with people and nearly one-half responding that it is boring. It is from a population with this attitude that accounting programs are trying to attract the best and the brightest. This is a formidable task.

The major theme of Position Statement No. Two is summarized as follows: "In general, the first course in accounting should be an *introduction to accounting* rather than *introductory accounting*" (emphasis in the original). Although the Statement includes both the preparation and use of accounting information as appropriate for the first course, the details of the Statement clearly favor an emphasis on the use of information.

Students in the first course in accounting should "learn about accounting as an information development and communication function that supports economic decision-making." The approach advocated is almost a liberal-arts approach to accounting, where students learn *about* accounting not how to *do* accounting. Teaching methods should focus on student involvement and discovery, not knowledge transfer.

The introductory accounting course had been criticized for many years before the AECC issued its Statement. In the early 1970s, the Price Waterhouse Foundation sponsored a study group (see Mueller 1971) that recommended many of the same things that appear in the AECC Statement. At a conference in 1973, Bill Gifford (1973, 12), a partner at Price Waterhouse and Secretary of the Foundation, said: "Educators and practitioners have been saying for years that the Introductory Accounting Course should be changed. It seems to me that a change is needed and needed now….With a truly challenging introductory course for undergraduates, a good student would begin to appreciate that a knowledge of accounting and its significance is today just as much an essential part of the cultivated and educated mind as are other subjects that have been generally accorded this status."

Thus, the AECC did not initiate a movement toward user-oriented first courses in accounting. It jumped on a bandwagon that had already gained much momentum. Nevertheless, by emphasizing the importance of the first course and advocating that it be taught by "the most effective instructors," the Commission added to the momentum.

The themes of this Statement were taken a step farther in a study sponsored and published by the California Society of CPAs (1995). Led by Paul Solomon, the California Society's Committee on Accounting Education set out to help faculty "implement the changes recommended in the AECC's Position Statement Number Two entitled *The First Course in Accounting*" (California Society of CPAs 1995, 3). The Committee developed the "California Core Competency Model," a listing of the outcomes and core competencies to be generated by the first course in accounting. A total of 12 competencies are defined in three general areas:

Financial Accounting
1. Accounting's Role in Society
2. Fundamental Business Concepts

3. Fundamental Accounting Concepts Underlying Financial Statements
4. Uses and Limitations of Financial Statements
5. Accounting Information Systems

Managerial Accounting

6. Role of the Management Accountant
7. Using Accounting Information to Make Decisions
8. Using Accounting Information to Analyze and Improve Operational Efficiency
9. Processing Managerial Accounting Information

Active Learning

10. Communication Skills
11. Group Work Skills
12. Problem-Solving Skills

This model is an excellent supplement to the AECC's Position Statement.

Issues Statement Number 1

August 7, 1990, was an important day for the Commission. On that day it approved what was arguably its most important and certainly its most controversial Statement, *AECC Urges Priority for Teaching in Higher Education*. It was originally approved as a press release. However, to give it more permanence, it was later called an Issues Statement. Unlike Position Statements, the newly created category of Issues Statements did not require exposure before issuance.

As I mentioned in the introduction to this chapter, I think avoiding exposure and thereby not considering comments of others before issuing this Statement was a mistake. Many Commission members would probably disagree. The controversy it created was not all bad. However, both supporters and opponents of the Statement misinterpreted parts of it, and such misinterpretations might have been avoided by more careful wording based on initial reactions to an exposure of the Statement.

The Commission was seeking rather than avoiding controversy with this Statement: "Giving teaching and curriculum and course development a more important role will require major changes in the recruitment, development, and evaluation of faculty members. The Commission is aware that these changes will be controversial." It was meant to challenge the status quo. But it was not meant to be so extreme as to alienate a part of the academic community that would have an influential role in the future of accounting education. Unfortunately, such alienation did occur.

The main problem was that a segment of the accounting research community interpreted the Statement as "research bashing." They believed that elevating the stature of teaching necessarily lowered the stature of research. In our limited-resource world, they were probably right. However, the Commission was careful to not rank research and teaching priorities. The majority of the Commission clearly believed that research and other scholarly activities are important—probably more important than ever because of the accelerating rate of change. But they also believed that teaching and course and curriculum development were not emphasized enough in university performance evaluation and reward systems.

I do not think the Commission intended to bash research, but it was willing to accept a reduction in the emphasis placed on research in order to increase the attention to teaching-related issues. There needs to be a balance between teaching and research, one that recognizes the synergy between the two. The Commission believed that the balance had been lost and needed to be restored. Some opponents of the Statement felt that its goal was to do more than redress the balance, that its objective was to make teaching activities dominate research activities in our colleges and universities. Their concern was legitimate, and there were members of the Commission as well as others who shared the concern.

This concern was not helped by the interpretation of the Statement by some supporters. They were happy to interpret the Statement as research bashing. In fact, they championed exactly the position that the research community feared—that teaching should dominate accounting academe. Unlike the Commission, their goal was not restoring balance but swinging the pendulum to the opposite extreme.

The controversy created by this Statement had the positive effect of increasing the visibility of the debate over change in accounting education. It brought into the open issues that had been simmering for some time. But there were also negative effects, the largest of which was losing the support of some important members of the academic community. Could this have been avoided? Maybe.

One segment of the Commission favored a stronger, and therefore a more controversial, Statement, one that placed the priority of teaching above that of research. The initial draft had language about the relationship of research and teaching that would have alienated the research community much more than did the final Statement. One of the reasons advocates favored a stronger Statement was that they believed the current system was so entrenched that only an extreme position on the opposite side would cause any movement at all.

Another segment of the Commission was sensitive to reactions in the research community. Although they agreed that more emphasis on teaching and course and curriculum development was warranted, they didn't want the pendulum to swing back too far.

As a result of these opposing views, the Commission intentionally avoided addressing the relative roles of research and teaching in the accounting academy, and it was this avoidance that created ambiguity and the potential for misinterpretations about its position. It would not have been possible to get unanimity on the Commission regarding the relationship, and it might have caused a split on the Commission that would have negatively affected its other activities. Nevertheless, with hindsight I think it would have been good to try to agree on a position. A well-reasoned compromise position, neither bashing nor exulting either research or teaching, might have at least avoided the ambiguity. But it also might have been such a neutral Statement that it would have gone relatively unnoticed and had little impact.

A possible compromise position is one eloquently presented by Beaver (1992). He regrets the fact that many in both academe and practice seem to view research and teaching as competitors rather than complements. To him the real issue is the nature of accounting research, not the balance of teaching and research. Both teaching and research require a blend of theory, empirical research, and knowledge of accounting institutions. The proper blend will allow both teaching and research to prosper. A well-reasoned position such as Beaver's might not have received the attention afforded Issues Statement No. 1, but it might have served as a better base for building changes in accounting educational programs.

The other controversial area of the Statement was the invitation for outside parties to exert their influence on accounting education. Especially troublesome was the invitation to legislatures and governors to become involved. The wording sounded innocuous, asking them to "endorse effective teaching and curriculum and course development as priorities." This is essentially an open invitation for them to become involved in internal resource allocations in colleges and universities. I have to agree with the critics of this part of the Statement. Legislators and governors have political motives for interfering in university resource allocations, and even if their intervention might help accounting education in this instance, I believe the long-run effects of such interventions would be detrimental. Not only do they have potential political motives, they also lack knowledge of the trade-offs made in such resource allocation decisions.

Although the Statement had its critics, it also had its supporters. The AECC sought endorsement of the Statement from a variety of organizations. Among those endorsing the Statement were the Executive Committee of the American Accounting Association, the American Institute of Certified Public Accountants, Beta Alpha Psi, the Financial Executives Institute, the Federation of Schools of Accountancy, the Institute of Management Accountants, the California Society of Certified Public Accountants, the Colorado Society of Certified Public Accountants, the Illinois Society of Certified Public Accountants, the New York State Society of Certified Public Accountants, and the Texas Society of Certified Public Accountants.

In summary, the Statement accomplished most of what it was intended to achieve. If no one had been upset by it, the Statement probably would have been less effective in focusing attention on an important issue, one that has no easy solution but one that is essential to the future of accounting education.

Issues Statement Number 2

In its early meetings, the Commission spent much time discussing the effect of the CPA examination on the quality of accounting education. The consensus seemed to be that the examination, as currently structured, impeded progress. Much of the educational focus on rules and regulations was derived from a desire to prepare students for the CPA examination. In the end, the only Statement the Commission made regarding the examination was Issues Statement No. 2, *AECC Urges Decoupling of Academic Studies and Professional Accounting Examination Preparation*.

This Statement was as significant for what it did not contain as for its actual content. The Commission discussed several issues on which it elected to not comment. Discussions of one issue, the content of the CPA examination, extended the entire life of the AECC, with progress behind the scenes but with no formal Statement being prepared.

The Professional Examinations Task Force was one of the more active task forces throughout the life of the Commission. Shortly after the task forces were formed, the Regulatory Issues Task Force was merged into Professional Examinations because their agendas had nearly 100 percent overlap. Nathan Garrett, Sarah Blake, and Rick Elam were the primary AECC players in this task force. The task force's first report, on June 6, 1990, laid out the following issues:

- Meeting educational requirement before being allowed to sit for professional examinations
- Release of pass rates by school on the CPA examination
- Secure examinations (no release of past questions and answers)
- Requirement for 150 semester hours of postsecondary education to sit for the CPA examination
- National (vs. state) requirements for certification
- How to assess communication skills on the CPA examination
- Content of the CPA examination

Although the task force had the title "Professional Examinations," it is clear from this set of issues that the initial focus was the CPA examination. While it is true that Issues Statement No. 2 was broader than the CPA examination, the Commission's continuing attention remained focused on the CPA examination with only passing reference to the CMA and CIA examinations. While some might interpret this as an unwarranted focus on public accounting, I think it was an appropriate focus. The Commission was not interested in the examinations *per se* but on their influence on accounting education. The CPA examination has certainly had a major influence on the accounting curriculum and on other aspects of accounting programs; the CMA and CIA examinations have not.

When it presented these issues, the task force recommended against pursuing two of them, national requirements for certification and assessing communication skills on the CPA examination, and the Commission agreed. The Commission also reiterated a decision it implicitly made at its first meeting—to not address the 150-hour requirement. Later the Commission decided to not pursue the issues of pass rates on the CPA examination and secure examinations. Except for the 150-hour requirement and possibly the assessment of communication skills on the CPA examination, these issues were deemed to have little effect on accounting education.

Before the Commission decided to not take a position on the publication of pass rates on the CPA examination, its discussions led to criticisms of an anticipated position opposing such publication. The Big 8 White Paper stated that "passing the CPA examination should not be the goal of accounting education." Although I believe most Commission members wholeheartedly agreed with that Statement, they were not willing to exclude professional examination pass rates as one possible outcome measure for certain types of programs. Preparing students to pass a certification examination was not a sufficient measure of an accounting program, although combined with other measures it might provide useful information about a program. The Commission agreed with its critics that a program that did not give graduates the skills and knowledge to become professionally certified was probably deficient, as was one that gave them only the skills and knowledge to pass the examination and nothing more.

Another issue that received discussion in early Commission meetings, but which was not addressed by the task force, was examination timing. There was some sentiment to try to change the examination's frequency to once a year and to have the examination offered in late summer. This proposal never went beyond the discussion stage.

On August 7, 1990, the Commission took its first official action related to professional examinations, approving the following resolution: "The AECC recommends that candidates who wish to sit for professional examinations be required to complete all educational requirements before applying to sit for the examination." This was later broadened into Issues Statement No. 2, which was approved the following June. Subsequently, the Statement was endorsed by the Council of the AICPA and was included in the proposed Uniform Accountancy Act.

The title of Issues Statement No. 2 is slightly misleading. The word "decoupling" is stronger than the language in the body of the Statement. Only two points are made in the Statement: (1) students should not be allowed to sit for a professional certification examination, be it CPA, CMA, or CIA, before they have completed the education required for certification, and (2) courses designed primarily to provide review for professional examinations should not be given academic credit. By decoupling academic studies and examination preparation, the Commission did not mean to imply that academic studies should not prepare students for the examinations. It simply meant that there should be more to academic studies than examination preparation, and by focusing on reviewing for a professional examination before completing one's academic studies, students do not receive the full benefit of the academic studies.

This Statement could have been seen as a way to avoid the difficult issue of the content of the CPA examination. Those looking only at the published Statements of the Commission could easily draw that conclusion. However, rather than avoiding the issue, I believe the Commission simply admitted that examination changes have a very long time-horizon, and a short-term expedient should be implemented even while trying to influence the long-term content of the examination.

Working primarily through the AICPA and the National Association of State Boards of Accountancy (NASBA), the Commission began a dialog on the CPA examination contents. LaVern Johnson, Chairman of the AICPA Board of Examiners, became a member of the task force in early 1993, and meetings were held with the AICPA staff responsible for the Uniform CPA Examination. At the same time the task force developed an Exposure Draft, "Proposed Content Specifications for the Uniform CPA Examination." In August 1993, in the interests of early submission, this Exposure Draft was turned into a letter to the AICPA Board of Examiners. The goal was to increase the examination's focus on testing higher-order learning skills. In a report back to the Commission in April 1995, Rick Elam reported that the AECC had been influential in moving the Board of Examiners and its preparation subcommittees to directly consider cognitive skill level in preparing the examinations.

In 1994, an additional issue relating to the CPA examination arose: how State Boards review transcripts of candidates from nontraditional programs. This issue arose because the Brigham Young University program, among others, did not have courses with the typical titles required in some state regulations. BYU graduates were being denied the opportunity to sit for the CPA examination because they had not taken the "appropriate courses." The AECC wanted regulations changed so that they required specific course content, not specific course titles. Then, in October 1993, the AICPA and NASBA proposed Uniform Accountancy Act rules that threatened to make matters worse. The rules listed total credit hours and course titles that must appear on a potential candidate's transcript before he or she may sit for the CPA examination. In a letter to the Board of Examiners, the Commission urged the AICPA and NASBA to revise the model rules to avoid this problem.

The ongoing nature of the CPA examination issues was confirmed when, at the very last AECC meeting, the Professional Examinations Task Force was still seeking Commission input. The task force was preparing a draft letter and questionnaire response to the AICPA Board of Examiners on computerization of the examination and the testing of higher order cognitive skills.

Issues Statements Numbers 3 and 6

Two Issues Statements related to two-year colleges: Issues Statement No. 3, *The Importance of Two-Year Colleges for Accounting Education*; and Issues Statement No. Six, *Transfer of Academic Credit for the First Course in Accounting Between Two-Year and Four-Year Colleges*. The topic of two-year colleges first arose during the Commission's early discussions of the grant program. Concern was expressed that the grants did nothing to motivate changes at two-year colleges.

The AECC's charge did not mention two-year colleges, and no two-year college representative was placed on the Commission. Some Commission members and top officials of the sponsoring firms expressed the opinion that two-year college education was not part of the "professional" education of accountants. Other Commission members were convinced that the two-year colleges played an important role in professional accounting education and that their participation in change activities was essential for the widespread introduction of desired changes.

It took a year for the Commission to really commit to exploring the role of two-year colleges in accounting education and how they might affect the change process. The Two-Year College Task Force met for the first time in July 1990. It spent the next year gathering information and making the case for the importance of two-year colleges in the change process. The Commission's education about two-year colleges culminated with a presentation in August 1991 by Dennis Greer, Tom Hilgerman, and Lynn Mazzola, all two-year college faculty and members of the task force. I believe that even the skeptical Commission members became convinced that ignoring two-year colleges in the change process invited failure. By the end of 1991 the Commission had committed $100,000 to a special grant program for two-year colleges (as described in chapter 4), but that alone did not seem adequate.

As Issues Statement No. 3 points out, more than half of the national enrollment in the first course in accounting is at two-year colleges, and about one-fourth of those entering the accounting profession took their initial accounting coursework at a two-year college. A survey taken by the Commission during 1991–92 found that 19 percent of those joining the AICPA in the last ten years and 27 percent of the members of the Institute of Management Accountants took their first accounting course at a two-year college. Administrators of four-year accounting programs indicated that the percentage of their graduates who took their initial accounting courses at two-year colleges had increased in the past five years and was expected to continue increasing. These survey results confirm that two-year colleges play a significant and increasing role in introducing students to accounting.

If change does not occur at two-year colleges, two major negative impacts arise. First, accounting programs will fail to attract many of the best and the brightest, those on whom the future of the profession rests. Second, a large number of those entering the accounting profession will have an education built on a shaky base. Therefore, the Commission was convinced that two-year colleges needed to be involved in the program changes.

Many accounting educators and professionals continued to view two-year colleges in the role many played in the 1970s, as primarily remedial institutions for students who did not have the qualifications for the four-year school. To convince them of the growing importance of two-year colleges, the Commission prepared Issues Statement No. 3 and released it in August 1992. Based on the Commission's conclusion that "the quality of education provided by two-year colleges has an important effect on the overall quality of accounting education," it encouraged cooperation between administrators of two-year and four-year accounting programs. Sharing information and cooperating in curriculum change activities "can enhance the quality of both two-year and four-year programs." The concluding paragraph of the Statement reiterated that the "Commission believes that the involvement of two-year colleges in accounting education change is critical for improving the overall quality of accounting education."

Issues Statement No. 3 extolled the virtues of cooperation between two-year and four-year schools, but it provided little guidance beyond the general sharing of information. At an open forum at the 1992 AAA Annual Meeting, one of the major issues raised was the transfer of credit from two-year to four-year schools. This topic continued to simmer until an *ad hoc* Articulation Task Force was appointed in October 1993. (The Two-Year College Task Force was eliminated in the task-force restructuring at the beginning of the 1992–93 year.) Within the next year, and with the help of non-Commission members Linda Lessing, Paul Solomon, and Mary Tharp, the Task force prepared a draft Statement. The Commission presented the proposed Statement to the February 1995 AECC workshop on the first course in accounting for feedback before formally issuing it. After incorporating the feedback, in April 1995 the Commission approved for publication Issues Statement No. 6, *Transfer of Academic Credit for the First Course in Accounting Between Two-Year and Four-Year Colleges*.

Although the initial intent was to address the issue of transfers from a two-year school using a traditional curriculum to a four-year school using a revised curriculum, it soon became evident that the opposite was also occurring. Several two-year schools were at or near the forefront of change activities, especially pedagogical changes such as increased emphasis on communication and interpersonal skills and the incorporation of technology in the curriculum. The articulation problem became one of transfer from one school to another with a significantly different curriculum, whatever the differences.

The body of the Statement does a good job of framing the issue, but the greatest help to schools will come from the two appendices. The Statement says that "renegotiating transferability agreements to focus on skills and knowledge (sometimes called student outcomes) and activities intended to develop the agreed-upon set of skills and knowledge is one approach to assuring transfer of academic credit for the introductory accounting sequence in the face of episodic or continual curriculum change." Appendix A of the Statement, "Student Competencies as a Basis of Transferability Agreements," shows one way to do this. Appendix B, "Suggestions for Two-Year College Faculty Who Wish to Redesign the Introductory Accounting Sequence," gives advice on how two-year faculty might want to consider articulation agreements when revising their curriculum.

Appendix A is derived largely from *The California Core Competency Model for the First Course in Accounting* (California Society of CPAs 1995). That document indicated that "Paul Solomon of San Jose State University led the effort to improve articulation, develop the competencies, and secure their adoption" (California Society of CPAs 1995, 1). Paul also contributed greatly to Issues Statement No. 6. The key to appendix A is measuring transferable skills and knowledge, not transferable courses. Accounting curricula build on the skills and knowledge students have gained in previous courses. When preceding courses are nearly identical, regardless of where they were taken, transfer requirements based on courses are appropriate. But when changes occur in the curriculum, it is necessary to resort to assuring that transfer students have the requisite knowledge and skills, not just a prescribed set of courses.

Appendix B of the Statement provides help to two-year schools that want to revise their accounting program but fear a negative effect on transferability. In the past, the attitude at many four-year schools was that the two-year schools should "follow our lead." But recently it is not always clear that the four-year school is in the lead, and there may be different types of changes in the different four-year schools to which two-year graduates transfer. There is no foolproof way to deal with such complex situations, but Appendix B presents a process that worked for at least one two-year college.

Issues Statement Number 4

One of the major obstacles to change encountered by the Commission was a faculty belief that recruiters look for technical competence in graduates, not breadth and adaptability. In other words, the changes advocated may be appropriate for long-term career success, but they are contrary to what will lead to short-term success in finding a job after graduation. Burton and Sack (1991, 122) summarized this position:

> [W]e had the uncomfortable feeling that the local office field recruiter did not share the vision of their Managing Partners. We can understand why they might be a little hesitant. It is one thing to ask that the firm's future partners, hired from the local university, have judgment and perspective and a commitment to continued education. It is quite another thing to put those high-minded people to work as soon as they come on board, billing them out at $30 an hour for at least 2,000 hours in their first year.

In addition, the broader skills and knowledge advocated by the Commission were not often employed in the first year or two of work. This was especially true in jobs in public accounting. It placed students from programs that implement AECC-endorsed changes at a disadvantage compared to those from programs that focused on specific job applications encountered during the first year or two of work. Such a view was the opposite of the theme of the Big 8 White Paper. Nevertheless, the prevailing view was that the heads of major accounting firms may believe the White Paper, but their recruiters and first-level supervisors did not.

This view led to the formation of the Early Employment Experience (E^3) Task Force. It was asked to explore the "interfacing of the education of the 'new' accountant with the initial employment experience." Burton and Sack (1991, 122) placed a great burden on this task force: "The AECC was wise to have established a task force to look at the early employment experience of recruits. In our judgment, the work of that task force will be critical to the ultimate success of the work of the entire commission." The task force focused on the "gap" between student expectations and the realities of the work environment. The task force was also to give consideration to "recruiting signaling on campuses," but it devoted less attention to this issue.

Before the E^3 Task Force developed its program, the Commission did two things to address the issue of recruiter signaling on campus. First, it prepared a list of "dos and don'ts" for recruiters of accounting students. Second, either Doyle Williams or Gary Sundem made presentations to the recruiting partners of all Big 6 accounting firms.

The E^3 Task Force had three main accomplishments. First, the main themes were published in an article in *Accounting Horizons* (Elliott 1991). Although this article did not have the official endorsement of the Commission, it effectively presented the concerns being addressed by the AECC. It addressed both short-term and long-term improvement opportunities. Among the short-term items were:

- Recruiting—Create more long-term incentives for recruiters, such as rewarding them based on how many of their recruits make partner (or at least make greater than normal progress toward promotion).
- Transition from education to practice—Make the transition more gradual through increased use of internships and work-study or cooperative education programs.
- Continuing professional education—Incorporate technical content that is removed from academic programs into the CPE programs of employees.
- Job assignments—Provide more choice in job assignment and more challenging assignments.
- Personnel management—Tie performance evaluations to traits associated with career success rather than successful completion of narrow tasks, and increase the use of mentoring.
- Job image—Recruiters should articulate the "social, economic, and professional value of accountancy's products."

Long-term suggestions centered on creating opportunities for staff by creating more value for clients. Employers should treat people as human capital that is to be developed and protected. They should make each employee an important part of a knowledge network that provides information support to decision makers.

Second, the task force worked internally within the largest public accounting firms to change both recruiting practices and the deployment and evaluation of entry-level staff. While there is no documented evidence of the success of this effort, I think most faculty would agree that there was a noticeable difference in recruiting emphases and some progress in first- and second-year experiences of staff accountants over the decade of the 1990s. Today, most recruiters routinely seek the kind of breadth and conceptual understanding advocated by the Commission, whether the recruiters are from large international public accounting firms, local and regional firms, or industry.

Finally, Issues Statement No. 4, *Improving the Early Employment Experience of Accountants*, was approved in March 1993. With the help of non-Commission members James Deitrick (University of Texas at Austin), Brian Jemelian (Price Waterhouse), and Jean Wyer (Coopers & Lybrand), the task force prepared recommendations for the following: (1) faculty members, (2) students, (3) career planning and placement professionals, (4) recruiters, (5) supervisors of early work experience, (6) workplace educators of first- through third-year employees, and (7) employer management. The appendix gave suggestions about how each of the recommendations could be accomplished. More than any other Commission document, this was a "how to" book on methods for accomplishing the Commission's objectives.

Casual observation indicates that the easy items, especially those relating to recruiting, are being reasonably well addressed. The jury is still out on the more difficult changes, both those in academe and those in practice. Elliott (1991, 119) called the task force "a first approximation of an Accounting Practice Change Commission." Although accounting practice is undergoing many changes, attention to the early employment experiences of staff is not the top priority. However slow, progress is being made.

Issues Statement Number 5

Issues Statement No. 5, *Evaluating and Rewarding Effective Teaching*, has the potential to be one of the AECC's most important Statements. However, because it was issued late in the Commission's life, it did not receive as much attention as earlier Statements. This Statement is a natural follow-up to Issues Statement No.1 that urged priority for teaching in higher education. However, this is a more positive document—not one that simply "urges" changes but one that provides help in guiding change.

It seems well accepted outside the academy (and even by many within the academy) that research is over-emphasized to the detriment of teaching in our colleges and universities. But few faculty or administrators in accounting programs would say that this has been an intentional goal of their schools or programs. Yes, research is important. Hardly anyone wants to go back to the situation of the 1950s where many accounting programs focused on merely teaching students how to do what accountants do. But research and teaching should have a synergy, where each improves the quality of the other. A research-oriented faculty should increase the intellectual development of accounting students. Researchers are probably not the best ones to provide training—learning of facts and techniques—but they should provide a more fertile environment for learning critical-thinking and problem-solving skills.

If teaching and research can be synergistic, why is the belief so widespread that a research emphasis reduces the quality of teaching? My hypothesis—and one that many academic colleagues agree with—is that the traditional academic incentive system motivates many faculty to shift enough effort from teaching to research to more than offset the beneficial synergies of the two. The switch is not because research is inherently more valued but because the measurement system used in most colleges and universities is biased toward research.

Why are measurement systems biased toward research? Because we have much more confidence in evaluations of research quality (based on peer review, publication, and wide exposure of research output) than in those of teaching quality (based primarily on student evaluations). Therefore, we are willing to reward (and punish) faculty based more on their research evaluations than on their teaching evaluations. In addition, research quality is widely known and accepted outside of one's own college or university, while teaching quality is generally an internal measure that is hard to compare across schools. Therefore, it is a potentially noisy signal to outsiders and therefore easily discounted.

What does all of this have to do with Issues Statement No. 5? If better measures of teaching performance could be developed, measures that include all aspects of teaching, the emphasis on teaching would naturally increase without any negative aspersions on the value of research. The Statement by itself falls short of providing the needed framework and measurement methods. But it is a start that can contribute to the necessary dialog.

The Statement includes five important characteristics of effective teaching (curriculum design and course development, use of well-conceived course materials, presentation skills, well-chosen pedagogical methods and assessment devices, and guidance and advising), but I think it ignores one essential characteristic: in-depth, up-to-date knowledge of the subject. The characteristics shown are all process oriented, but teaching in a professional program such as accounting takes more than process. If a faculty member's repertoire is limited to what is available in published materials, he or she can't bring to the classroom personal insights that are not readily available elsewhere, and students are being shortchanged. Both research and professional qualifications can add a needed dimension—each in its own way. A college or university's mission will determine the correct balance of research and professional expertise among the faculty. If the maintenance of this expertise is not measured and rewarded, the teaching program will suffer.

An especially helpful part of the Statement is a list of strategies for evaluating and improving teaching, including self assessment, observations by colleagues, student evaluations, alumni input, instructional consultants, and teaching portfolios. None of these is developed enough in the Statement to give clear direction on how to apply them, but a good bibliography is included for those interested in pursuing them further.

Summary

The Position and Issues Statements of the Commission are a permanent record of the most important recommendations of the AECC. They are not perfect, but they provide important insights into topics that are essential to the change process in accounting. They are generally succinct and readable. I recommend them to anyone interested in the lasting impact of the Commission.