



Building Our Accounting Community

(Preparing for our Future)

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Earlier this year I attended the annual meeting of another academic organization and listened to the Presidential address. The advice that the presenter had been given caused me to consider what I would present in my address, including some **recollections or history**, as well as some **thoughts on how our organization meets and supports its members research and teaching goals** ---- and, finally, to offer some **reflections** or observations about key demographic facts affecting our organization

I have termed these remarks “Building our Accounting Community -- ...Preparing for our Future.” Perhaps not all that exciting --I grant you...but it should be because it addresses concerns about the future...and indeed getting any useable insight about that state is worth a listen. Steven Spielberg put it this way:

“There is no greater power than foretelling the future....”

Quoted on “Spielberg on Spielberg” *Turner Classic Movies* 9.08 pm July 9, 2007

Of course this is not about personal fortune telling, it is looking at the Road Ahead.

As such my remarks are going to be about the HOW and WHY by which the AAA plans to be able to better serve us and our accounting community. This includes identifying what needs will likely exist **and how** to meet these needs.

REFLECTION

On a cold winter afternoon, with temperatures below freezing and a dusting of Snow covering all in sight, I began sketching out my thoughts for this presentation. I had been impressed by my predecessors commentaries----- Judy Rayburn's call for 'INCLUSIVENESS' in our thinking and in our community and by Shyam Sunder's challenge to us last year in Washington to 'Imagine' what we could all bring to our community by permitting ourselves to dream about what it is that our profession can achieve.

How could I possibly add to anything more to such important themes as inclusiveness and an exhortation to imagine all the wonderful possibilities which await our community at its best levels of activity? Well, I thought...isn't this all **about the sense of purpose of our community and ourselves? Really? Indeed, it is!!** So, let's begin by considering information about our community. We are an organization of approximately 8000 full time members --- a bit larger when you consider the associate membership. Nearly 2000 of our members live outside the United States, with Japan, Canada, Australia, the UK and Korea comprising the largest groups

We are organized in seven geographic regions, which began forming in the late 1940s, and consist of fifteen special interest groups, dating back to the founding of the ATA in 1974.... the largest having membership in excess of 1000 including financial accounting and reporting, management accounting, auditing, Teaching and Curriculum and international accounting.

Our Key performance indicators available on line relate to the growth in the

number of meetings offered each year from section and region to consortia or special knowledge activities. Many of us remember when there was but ONE print journal and only an annual and regional meetings.

We reach out to one another and to our professional and academic colleagues through nearly forty association wide committees and task forces and dozens more imbedded in the special interest and regional entities. **Structurally, our key volunteer leaders almost completely turn over EACH year, as to EC, Council, and committees...challenging our continuity and defying most maxims for achieving organizational ‘efficiency.’**

Annually over 4500 pages of published intellectual contributions are disseminated in association wide and special interest journals. Our AAA brand has substantial market value at the moment.....and in the last year considerable time and energy has gone into studying how to retain that value for members given the changing technology of digital publication and the manner in which published research is produced and distributed.

This changing technology and its implications for our published materials was the focus of a study undertaken this past year at the direction of Shyam Sunder ,by a special Task Force Chaired by Past President Andy Bailey.

The AAA has experienced three years of record attendance at our annual meetings...this year topping the record from last, etc. with registrations over 2900. Indeed we are a more inclusive organization than in the past, and the VALUE to members of the social and professional networking which occurs at THIS meeting seems HIGH indeed. Such networking at meetings is a prized service according to our recent membership survey completed.

So the bright spots are many....financially the organization is stable, if not secure for the moment.....a circumstance which was not as favorable just a few years ago.

With all of this apparently going well , WHAT else possibly could be of interest about our road ahead-- that would capture your attention for the remainder of my remarks?

Let's begin by looking at DEMOGRAPHICS: --- let's look at the profile of our community's background age....just one factor of course...(and as will be reported next year, we are actively engaged in gathering even more demographics about that profile.)

Demographics, this is where the FUTURE begins, with who will be our new members and members ten years from now.

Late in 2006, the Chair of the membership Committee Bruce Behn, working with Jim Hasselback, provided some data which is significant. **The average age of PHD holding Accounting Academics in the US, is 55 years of age.** Put another way, half of our members are less than 55 years of age, and to them our Community can and should play a vital role in the future....

Or looking at it from the other side.... **within a decade one half of our members will have retired or will be on the verge of retirement. Jim Hasselback estimated that based on actual retirements since the year 2000, individuals are retiring, on average, just before their 64th birthday.**

Furthermore, we had already been alerted in the Plumlee PhD Supply Study, earlier last year that there is an anticipated shortfall of PHDs entering in areas critical to the needs of the practice community overall. Recently Hasselback supplied another fact, namely that about half of our accounting PHD students in the US are studying under temporary visas.

The demographic bottom line for entering PHDs is now not only that the pipeline not being filled at the same rate as in the past, the inflow is also differently composed and due to retirements the pipeline will be emptying out more quickly at the other end over the next decade.

One other demographic detail is relevant here..not only does the data indicate that 50% of our members 55 or older, but by another measure we know that 1/3 of our community is age 60 or older.

OK, there are a lot the smiles developing on the faces of those who are in the under 55 group, and those who are nearing completion of their PHDs—if you have not yet appreciated the full details of the situation...and it looks pretty good doesn't it?

Indeed!! But remember that there is also likely to be substitution effects which suggests that the way faculty groups are composed today, will not likely be the pattern of the future. To obtain more information about this aspect I recommend you read the paper by my colleague Tim Fogarty and his coauthor Garen Markarian, in the May 2007 edition of **Issues in Accounting Education**—I believe, based on your program circumstances, you will be better informed by the analysis found therein.

Considering what can be done collectively as a community as well as individually on our campuses seem to be necessary parts of addressing this demographic issue. And of course it raises the question “What should the be the AAAs role in addressing the role and composition of the Faculty of the Future?”

With this in mind, earlier this year, a team of Executive Committee members, our Executive Director, Tracey Sutherland and an experienced strategy consultant Dale

Karren, began to consider these questions in anticipation of the Executive Committee's leadership retreat held two months ago in Chicago.

The response to this and a host of other questions began to develop slowly at first, then began to take shape around a series of INITIATIVES ---about which the Executive Committee, incoming and current members, as well as key committee chairs, took hold. Recently members of Council, representatives of the Sections and Regions, had the opportunity to consider and provide input into this process, and the activities which in the future which will affect our community.

So all told the AAA's response has been established around three important initiatives, with additional initiatives being managed with a more measured intensity and priority.

So -- LETS REVIEW WHAT WE KNOW.

ONE: The demographics of our community and our academic discipline are about to undergo a substantial and important change... probably unprecedented in size and timing.

TWO: The technology of how we disseminate our intellectual contributions is now dynamic and very different from a decade ago and likely to be increasingly so in the coming years...particularly as searchable digitized on demand publishing and on line availability become even more firmly established.

THREE: The AAA, now in the ninth decade of it's existence, faces substantial challenges to retaining its membership and resources which raises issues as how the Organization will need to be adapted structurally and financially in order to **sustain the activities and operations which members currently expect and enjoy.**

As we approach our 100th Anniversary in 2016the challenge we face is how to continue to attract and support membership from ALL faculty groups in our

community, from two year through doctoral granting programs, and also continue to be attractive and of interest and benefit to scholars from across the globe.

Developing a Shared View of a broadly inclusive organization, restructured as needed to support teaching, research and the social and professional networking and publication needs of its members will not be easily achieved even **if membership demographics were favorable, let alone as we face the loss of about half of our community's experienced volunteer leaders and human capital in less than a decade.**

Preparing then, for the beginning of our organizations second century in 2016 is a target date for our activities. Now 2016 may sound a long way away, but it isn't really. If you can recall the world of 1999, which doesn't seem all that distant, you can FORESEE the world of 2016...for in an equivalent number of years we will be winding up 2015 and be on the EVE of our 100th Anniversary Year.

As of now the AAA leadership, the Executive Committee and Council have drafted the following statement to describe a shared organizational aspiration for the future **WE BRING TOGETHER THE ACADEMIC COMMUNITY TO FURTHER ACCOUNTING EDUCATION AND TO ADVANCE THE DISCIPLINE AND PROFESSION OF ACCOUNTING.**

The AAA, through its members will be able to measure its success in achieving this state by evaluating the effectiveness in meeting the following objectives:

-Expanding Knowledge and Idea Development

-Promoting Effective Learning

--Informing and Influencing Policy and Practice—mindful of the public's interest

-Advancing Faculty Careers

have a social purpose which underlies educating competent and responsible individuals to meet this informational need. *This social purpose follows from the fundamental constitutional right of individuals to own private productive property and a right to information about that property, derived therefrom. That is individual property owners have an ‘information right’ relating to the performance and use of their property.* For our community to provide Education to fulfill our Purpose we are obliged to recognize how our educational programs meet **this societal information right** .

Thus the AAA has a similar purpose, to support us as we prepare individuals to fill this role.

Indeed as physicians protect the well being of their patients, and lawyers defend and advocate the liberties of their clients, the accounting profession serves society’s right to information about private productive property invested or employed in our capital market system.

Given this Sense of our discipline and its purpose, What is it that is needed to transform and sustain the AAA so that our educational and research processes our classrooms and campuses successfully meet the market’s and society’s expectations for the talent and ideas to serve this nation of investors and their information right?

Some first steps have been identified by the leadership of the AAA—and are represented by three initiatives

1> GROWING THE ORGANIZATION IN A MANNER WHICH WILL ASSURE THAT ACCOUNTING EDUCATION AND RESEARCH PROSPER AS A CAMPUS DISCIPLINE. This involves identifying, supporting the development of and

attracting and sustaining members from the whole range of programs from our community colleges through doctoral programs to fully and efficiently share and leverage all the knowledge our community develops. As a placeholder number, a future membership profile has been expressed as '15 by 15' or a membership of 15,000 members by 2015, the eve of our centennial. The composition of that membership will be 'INCLUSIVE' all constituents and campus programs --- and include terminally degreed faculty, tenure track, non tenure track/contract, adjunct faculty as well as professional and doctoral student members and be welcoming to academics from all parts of the world and to practitioners who are interested in the ideas and processes relating to teaching, learning and research.

Related to this initiative is the need to address the supply and quality of future accounting faculty and programs. We can and should expect that the 'business model' or production function regarding accountancy faculty is going to change given the demographics, technology and societal expectations in a post Enron world. Our responses as individuals and faculty groups, and as an organization will be effective to the extent we have the leadership, knowledge resources and relationships to respond effectively and promptly. (Science, Engineering and the Medical Professions have already made their circumstances known..and public funding sources are or will be applied to these concerns....I am not in a position to predict whether or not such funding is to be part of our response—but it could become a factor if the risk of loss of strategic talent in the process of producing needed market information becomes acute and there is a related loss of confidence in the investment process---or a loss of control over the critical information process.

To keep posted, I encourage you to access our remodeled website with information about Future Accounting Faculty and Programs at <http://aaahq.org/temp/phd/index.cfm>

The leadership for the membership initiative will include the current and former chairs of the Membership Committee, Elizabeth Oliver and Bruce Behn, as well as the VPs of Education, past and present, Nancy Bagranoff and Phil Reckers and members throughout other parts of the Association and added staff resources as well.

2> DEVELOPING NEW AND EXISTING TECHNOLOGY PLATFORMS FOR COMMUNICATION AND DISSEMINATION OF TEACHING, RESEARCH AND SUPPORT MATERIALS AND DATA. The placeholder name for this initiative is AAA Commons, an electronic platform from which members can draw resources, research and seek on line service. This initiative flows directly from the Intellectual Property Task Force noted earlier, chaired by Past President Andy Bailey, and will be led by President Elect Sue Haka, and Vice President Jane Saly and include US and international members.

3> MEMBERSHIP FULFILLMENT. Advancing Member's careers in academic institutions involves providing a variety of services. An obvious one is providing high quality research outlets in a variety of areas and sub disciplinary topics which are acknowledge as currency for appointment, promotion and career advancement overall. Furthering member's careers reaches to teaching effectiveness as well as to research and involves supporting members' interests to participate in public policy considerations. Examples of possible additional membership fulfillment activities include improving access to practice based research data especially in areas such as auditing and taxation. Further potential areas of membership fulfillment relate to gaining low cost access to

digitized searchable authoritative technical standards data bases under development such as the FASB/FARS Compilation,

The potential for such access at a low cost to AAA members has the potential to provide the basis from which to support reform of financial accounting instruction from traditional rote recollection to a research based model. This membership fulfillment initiative will be led by several individuals to include Scott Showalter of KPMG, recent VP from Practice, and Chris Wolfe of Texas A&M, as well as through individual activities led by Ira Solomon of Illinois and Jerry Searfoss of Utah.

These are a few examples of the type of initiatives being developed by the Association's leadership.

Now, as challenging as the above aspects are, there is more at least one more significant component, and this is where the YOU...part comes in.....your part in these TRANSFORMATIONAL AND SUSTAINING activities.

If you are in the under age 55 category, you are needed to learn with patience and commitment about this community --- and this organization in any of many service roles which you may have already undertaken or would be willing to undertake. Your efforts to inform and encourage non members to become more involved in the AAA will be needed. Everyone who has an opportunity to spread the word about the challenges of our future community should so do, in your section, region, and again most importantly on your campus. The talent needed to undertake these initiatives increasingly will have to come from your part of our community if we are to be successful in the coming years.

What about those of us who are in or entering the so called “fourth quarter” of our academic careers, those who are in the 55 and over group, who have substantially established their reputation and role in the academic community?

While it may appear obvious that we could defer or delay retirement to provide some capacity, recent research on the academic community overall by Professor David Leslie, published this March by TIAA CREF (and available on the Future Faculty website mentioned above) suggests that if anything individuals are tending to retire earlier rather than later, even though retirement age caps have come off in many systems.

Of course, continuing to make oneself available means being relevant and reliable as a colleague and a resource on one’s campus and in our community. **This about fulfilling your own PERSONAL sense of purpose, of course, so it is not for me to say much more.**

However if the fourth quarter is going to be anything, it may well be determining, just as in the sporting event to which the analogy applies. The fourth quarter can be determining in close matches, and we are going to be in a close match. I would expect also that there are likely to be issues about being motivated and avoiding the so called ‘float to the finish line’. **One of two telling concerns I** have about the decade to come is that too many of our senior colleagues might be tempted to ‘**mail it in**’ as we say these days.

That would be an unfortunate ending to what could be otherwise an important and final legacy of the first PHD trained generation of accounting academics. I hope we as a group have greater self respect and self discipline than to fall victim to our own self concerns, even in the face of salary inversion and heavy service roles which come often

in this part of our careers. In my view our generation has created a great and important quantity of organizational and intellectual capital--- goodwill in which we have great PLEASURE and TREASURE.

Nothing would be more disrespectful to that legacy than to curtail or diminish our contributions merely because there is a 5 or a 6, or even a 7 in the first digit of our age. To my colleague senior scholars I say, “Share your wisdom, mentor your junior colleagues, and advise your students about the many experiences which have made your career the success it is and can continue to be.

Stay involved, and above all be willing to CHANGE and to lead efforts to sustain and improve the quality of education and research on your campus and in our community.”

What’s the other ‘telling’ concern I have about our future? It’s that we won’t stay the course and stay focused on what it will take to get through the next decade to achieve the transformation needed successfully. Volunteer organizations are precariously situated at the intersection of leadership prerogatives to change the direction and pace of activity on a truly discretionary basis....which puts our community at the risk of fluttering from here to there, touching everything without affecting anything and benefiting no one. It will be easier to avoid the hard choices about SUSTAINABILITY than to address them. The need to be ‘accountable’ will fall to the leadership to be sure that the precious resources of volunteer time and limited finances will be made to count.

When he was interviewed (Journal of Accountancy June 1955 p. 40-45) on the eve of his eightieth birthday in 1955, George O. May, one of the finest intellects ever to contribute to our discipline, noted toward the end of his commentary that “accounting

must be prepared to adjust itself with far greater rapidity.” Let us hope we can do so with the proper purpose and motivation -- thereby serving the information right of our society. Of course, perhaps more than any one thing, the tone of our organization going forward Must be conducive to growth and change. At our sections, and in our regions, among Our committees and in our conferences we should strive to be a WELCOMING COMMUNITY --- one which is civil, and tolerant if not supportive of the variety of Ideas which all need so as to comprise a rich intellectual environment. Setting this tone and achieving this state is vital.

Well, the time to conclude has arrived. The perspectives and the commentary about Our environment, demographics, technology and organization have been provided in a manner which I hope will provide a sense of our shared vision and our sense of purpose. The time for commitment and for action has arrived. The change anticipated will likely not be readily or easily accomplished.

The marketplace for ideas and for talent in which we operate and compete will surely sort us out unfavorably if we are not attentive to all of these considerations. We are fortunate now to have the ability to take action and to have in place the means and a set of initiatives to take action and to affect our own future, to the extent anyone can do so. I believe we are starting on what will be a most exciting and challenging adventure...and I invite you all to participate...and to place the needs of the community as a whole as a final factor in your actions remembering that we can be greater in so many ways when we act together.

GJP 8.12.07

