Accounting Education and Accounting Practice: Links and Missing Links

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Kevin D. Stocks
Brigham Young University
Agenda

• Benefits & Challenges of Graduate Accounting Education
• Preparing Students for Success
• Expectations and Perceptions of New Hires
• Future Opportunities and Challenges
Disclaimer

• Faculty in Residence with KPMG
• Issues are applicable to and representative of all firms and companies
• These are my thoughts, not those of KPMG
Benefits of a Graduate Accounting Education

• An open ended survey of 6 questions
• Sent to all graduate accounting programs I could identify
• 51 responses from 171 requests sent

• Full text available at KPMG University Connection
Questions #1:  What do you see are the benefits to the student of having a graduate accounting degree over having an undergraduate accounting degree plus additional hours?
#1: What do you see are the benefits to the student of having a graduate accounting degree over having an undergraduate accounting degree plus additional hours?

• It improves an individual’s long-term career opportunities.

• It increases a graduate’s competitiveness on the job.

• It facilitates additional development and learning.

• It provides for a year of added maturity.

• It provides an opportunity for specialization in Tax, etc.
What do you see are the benefits to the student of having a graduate accounting degree over having an undergraduate accounting degree plus additional hours?

- There are benefits related to the licensing process.
- Some see no advantage.
- Graduates are better prepared for professional work.
- It benefits the profession.
- It helps individuals be successful in the recruiting processes.
#1: What do you see are the benefits to the student of having a graduate accounting degree over having an undergraduate accounting degree plus additional hours?

• Other insights
  – MAC classes are generally limited to just MAC students, so other students trying to pick up the hours don’t have access to these classes.
  – Increased tuition and fees helps to support the department in a time where state support is minimal.
Question #2: What is done in your graduate program to address the non-technical skills needed to be successful in the workforce? These would include skills such as communication, working with teams, professional networking, time management, professional behavior, etc.
#2 What is done in your graduate program to address the non-technical skills needed to be successful in the workforce?

- Offer specific courses on topics of interest and importance.
  - Ethics and Communications
  - Career Success Skills/Professional Development
  - Soft Skills
  - Research
  - Forensic Accounting
  - Accounting Regulation & Quality Control
  - Consulting Project
#2 What is done in your graduate program to address the non-technical skills needed to be successful in the workforce?

• Offer specific courses on topics of interest and importance. (cont)
  – Technical Writing
  – Managing Workplace Diversity
  – Required 10-12 week internship
  – Judgement & Decision Making
  – Management Control Systems
  – Capstone
#2 What is done in your graduate program to address the non-technical skills needed to be successful in the workforce?

- Offer modules or course sections addressing specific skills.
  - Extensive use of cases.
  - Working with Teams
  - Develop time management techniques to keep up with all of the assignments and course projects. “Time management – we work them silly. They have to manage their time or they will fail in the program.”
#2 What is done in your graduate program to address the non-technical skills needed to be successful in the workforce?

• Provide a number of non-class activities to learn about and/or practice specific skills.
  – Interact with professionals – at Meet the Firm nights.
  – Work as graduate assistants or as instructors.
  – We have a communications trainer help them at the beginning of the Master’s, and every graduate degree must include a communications components.
#2 What is done in your graduate program to address the non-technical skills needed to be successful in the workforce?

• Provide a number of non-class activities to learn about and/or practice specific skills.
  – Participate in various competitions – e.g., PwC Xtax.
  – We require all students to participate in a team-building event at the beginning of the program.
  – We require all students to attend etiquette dinners.
  – We encourage students who do not already have jobs to participate in mock interviews.
What is done in your graduate program to address the non-technical skills needed to be successful in the workforce?

- Address these skills through Beta Alpha Psi or a similar student oriented organization.
  - We strongly encourage all eligible students to pledge to Beta Alpha Psi. We believe in the benefits of BAP so much that we use soft money to pay their national dues.
  - Cultural sessions for foreign students before the fall semester.
  - We have dress codes and stress professional behavior in their interactions.
#2 What is done in your graduate program to address the non-technical skills needed to be successful in the workforce?

- Address these skills through Beta Alpha Psi or a similar student oriented organization.
  - Our tax students are required to work with VITA.
  - For the first time this year, a group of students in our Master of Accounting Program will travel to two cities in China with goal of becoming acquainted with social and cultural characteristics, political, regulatory and commercial philosophies and practices that differ from the U.S.
#2 What is done in your graduate program to address the non-technical skills needed to be successful in the workforce?

• Involve professionals and alumni in making presentations, providing input and general involvement.
  – We involve the MSA alumni in the program activities.
  – We have established a LinkedIn network for them.
Question #3: How are practitioners involved in developing and/or teaching in your graduate program?
#3 How are practitioners involved in developing and/or teaching in your graduate program?

- Lecturers/adjuncts/teaching faculty
- Advisory Boards
- Guest Speakers
- Visits by Professionals
- Faculty involvement in professional organizations
- We also have a field trip each year to Houston where students in our E&Y Focus on Energy program meet with and interact with professionals specializing in the energy industry.
Question #4: How do you provide assistance to the student who is technically sound, but needs guidance to succeed socially/professionally in a business setting?
4. How do you provide assistance to the student who is technically sound, but needs guidance to succeed socially/professionally in a business setting?

- Career Services
- Beta Alpha Psi/Accounting Club
- Mentoring/Advisor Program
4. How do you provide assistance to the student who is technically sound, but needs guidance to succeed socially/professionally in a business setting?

• Informal Discussions
• For foreign students who do not speak English as a first language, we ask that they spend several hours with a GA who speaks English as the first language.
• We have etiquette dinners and additional courses for foreign students.
• We use an experiential lab in which students make case study presentations to panels of practitioners. Those presentations are video recorded and later analyzed and evaluated from, in part, the concerns that are the subject of the question.
Question #5: What are the one or two aspects/activities within your graduate program that all other schools should consider replicating to prepare their graduates for success in the profession?
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• Courses
  – Financial Accounting Seminar
  – Accounting Environments
  – Accounting Valuation
  – Ethics and Communications for Accounting Professionals
  – Contemporary Issues in Accounting
  – Leadership: Professionalism and Team Building in Today’s Diverse Business Environment
#5 What are the one or two aspects/activities within your graduate program that all other schools should consider replicating to prepare their graduates for success in the profession?

• Program Orientation
  – Our week in residence which helps students adjust to the program and connect with each other, with the faculty and alumni and professionals.
  – Short courses should be offered to foreign students before the program begins to help them adjust to U.S. culture and business.
  – Have a team building exercise at the beginning of the program to reduce barriers between students from different schools.
#5 What are the one or two aspects/activities within your graduate program that all other schools should consider replicating to prepare their graduates for success in the profession?

- Encourage taking the CPA Exam
- Participate in Professional Development trips
- We use our graduate assistants to conduct the interviews and write the articles for our accounting magazine.
- Annual “Women in Accounting Conference.”
- A cohort model allows us to add significant value in the soft skills including teamwork.
#5 What are the one or two aspects/activities within your graduate program that all other schools should consider replicating to prepare their graduates for success in the profession?

- Experiential Learning Saturdays-ExLS. ExLS give students the opportunity to take classes with a strong practice orientation, taught by practitioners—e.g., Practicum in Accounting, Service Learning in Taxation, Passport to Professional Success, Internal Auditing.
Question #6: What advice, if any, does your program give students regarding the additional classes to take for those opting for the undergraduate degree with additional hours rather than a graduate degree?
#6 What advice, if any, does your program give students regarding the additional classes to take for those opting for the undergraduate degree with additional hours rather than a graduate degree?

– **Don’t do this**, we tell them. Stay for the master’s.

– If they want to do this, they have to go elsewhere. They are either in our masters degree program (or not allowed to take graduate classes).

– List of recommended classes

– Take classes based in individual goals
Preparing Students for Success

Feedback from HR/Recruiting Professionals

Survey and Group Discussion
What professional skills do you see missing in your interns/new hires?

• Lack of ability to focus
• Communication skills
• Teamwork skills
• Time management
• Adjusting to the work environment
• Networking skills
• Excel skills
What are the reasons that firm interns do not get offers for full-time employment?

- Poor attitude
- No respect for the job
- Not a team player
- Lack of initiative
- Lack of professionalism
- Personality issues
- Does not listen/high maintenance
What are the reasons that firm interns do not get offers for full-time employment?

• Do not learn from mistakes
• Unable to receive feedback
• Poor communication skills
• Lack of motivation/desire
• Missing technical skills
• Money focus
• Career ending moves
What advice would you give for success?

- Attitude
- Listen
- Ask Questions
- Learn
- Build Relationships
- Pay Attention to Detail
- “Be yourself, just a more polished version.”
Expectations and Perceptions of New Hires

• Three surveys
  – New audit staff 2012 – 490 responses (39%)
  – New audit staff 2011 – 578 responses (44%)
  – Follow up survey New audit staff 2012
    – 435 responses (35%)
Tenure Expectations

• Stay through Partner
• Stay until Senior Manager
• Stay until Senior
• Stay until I feel ready for a move
• Stay until I have a better opportunity
• Just see what happens

New: LT – 46.61%  ST – 53.39%
1 yr: LT – 29.42%  ST – 70.58%
## Significant Challenges

<table>
<thead>
<tr>
<th>Challenge</th>
<th>New Hire Anticipated most challenging</th>
<th>2nd Year Most challenging looking back</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mastering the work environment/process</td>
<td>21.51%</td>
<td>13.12%</td>
</tr>
<tr>
<td>Managing my work/life balance</td>
<td>19.94%</td>
<td>26.15%</td>
</tr>
<tr>
<td>Meeting project time budget expectations</td>
<td>9.49%</td>
<td>10.64%</td>
</tr>
<tr>
<td>Adapting to out-of-town travel</td>
<td>1.37%</td>
<td>5.23%</td>
</tr>
<tr>
<td>Gaining technical competence</td>
<td>27.64%</td>
<td>21.84%</td>
</tr>
<tr>
<td>Working with audit team</td>
<td>2.74%</td>
<td>2.11%</td>
</tr>
<tr>
<td>Dealing with client relations/interactions</td>
<td>6.86%</td>
<td>8.53%</td>
</tr>
<tr>
<td>Identifying and effectively using a mentor</td>
<td>1.16%</td>
<td>3.21%</td>
</tr>
<tr>
<td>Developing business relationships</td>
<td>2.64%</td>
<td>2.29%</td>
</tr>
<tr>
<td>Feeling challenged with the work assignments</td>
<td>6.65%</td>
<td>6.88%</td>
</tr>
<tr>
<td><strong>Total responses</strong></td>
<td><strong>948</strong></td>
<td><strong>1090</strong></td>
</tr>
</tbody>
</table>
## Skills

<table>
<thead>
<tr>
<th></th>
<th>New Hire Most look to develop</th>
<th>2nd Year Worked on most</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interpersonal</td>
<td>3.63%</td>
<td>4.67%</td>
</tr>
<tr>
<td>Written communication</td>
<td>5.88%</td>
<td>9.26%</td>
</tr>
<tr>
<td>Oral communication</td>
<td>4.60%</td>
<td>4.86%</td>
</tr>
<tr>
<td>Working with teams</td>
<td>1.71%</td>
<td>5.31%</td>
</tr>
<tr>
<td>Professional networking</td>
<td>5.88%</td>
<td>2.52%</td>
</tr>
<tr>
<td>Analytical</td>
<td>11.00%</td>
<td>10.79%</td>
</tr>
<tr>
<td>Use of spreadsheet technology</td>
<td>4.70%</td>
<td>6.02%</td>
</tr>
<tr>
<td>Use of firm technology systems</td>
<td>13.14%</td>
<td>9.71%</td>
</tr>
<tr>
<td>Time management</td>
<td>8.44%</td>
<td>11.87%</td>
</tr>
<tr>
<td>Professional behavior</td>
<td>0.53%</td>
<td>0.81%</td>
</tr>
<tr>
<td>Technical audit process</td>
<td>22.54%</td>
<td>17.99%</td>
</tr>
<tr>
<td>Technical financial accounting knowledge</td>
<td>10.15%</td>
<td>6.56%</td>
</tr>
<tr>
<td>Problem solving</td>
<td>2.99%</td>
<td>3.51%</td>
</tr>
<tr>
<td>Critical thinking</td>
<td>4.81%</td>
<td>6.12%</td>
</tr>
<tr>
<td><strong>Total responses</strong></td>
<td><strong>936</strong></td>
<td><strong>1112</strong></td>
</tr>
</tbody>
</table>
In general, how was the number of hours you worked through the year compared to what you expected to work when hired?

- Way Above Expectations (26)
- Above Expectations (90)
- Meets Expectations (226)
- Below Expectations (24)
- Way Below Expectations (2)
If you could go back and take three additional college classes, what would you take?

- Excel (73)
- Auditing (58)
- Finance (48)
- NFP/GovernmentalAccounting (38)
- IT/IS/ComputerScience (36)
- Tax (35)
- Business Writing (33)
What are the three best things about the firm or your job that you would want to share with a college student?

• People (155)
• Job Benefits (117)
• Learning/Training (112)
• Career Development/Opportunities (91)
What three pieces of advice would you give to the firm new hires who will start this summer or fall?

- Ask Questions (96)
- CPA Exam (95)
- Relationships (63)
- Attitude (62)
Future Opportunities and Challenges

Practice vs Education – Differences

We need more interaction and coordination.

We need to adapt as the profession is adapting – flexibility!
Future Opportunities and Challenges

• Increased competition – for us and our students

• What is the real value of our program versus the cost to students - $ and opportunity.

• Rationale for little difference in starting salary
  • No ability to charge differently
  • Wide range of quality degrees
  • Salary based on performance, not education level
Future Opportunities and Challenges

• What is the real value of our program versus the cost to students - $ and opportunity cost.
  – Graduate
  – Undergraduate

• How different is our graduate program from an undergraduate program?
Future Opportunities and Challenges

• Drive to and now from the 150 Hrs

• Program options
  – On-line programs
  – International Accounting programs
  – Executive MAcc programs
Future Opportunities and Challenges

• How prepared are we to provide education in other than technical topics?

• What about data analytics?

• How willing are we to address professionalism issues?
Future Opportunities and Challenges

- Importance of passing the CPA exam early
- With sooner oversight responsibilities, need to address supervision skills
- More spreadsheet and time management training
- Consider an industry focus
- Soft skills are critical – some way to provide added training is needed