



The Pathways Commission

Charting a National Strategy for the
Next Generation of Accountants

July 2012



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A thank you is just not sufficient reward for the effort the Pathways representatives have put forth on behalf of the future of higher education and the next generation of accountants. But that is all we have to offer: Our appreciation for all the time and effort you have put into this accounting education effort is beyond the words the Commissioners have to express it. We took on a monumental task, and with your thoughtful contributions and those of the multitude of people who provided comments and suggestions, we have put together a strategy and structure for accounting education that will have long-term implications for the next generations of accountants and the entire education process.

When we started this process, we did not have a road map of how to do this, but with the efforts of the Pathways team, we put together a supply chain structure that included many stakeholders and a process to provide as much feedback and input as possible into our deliberations. Then, with your volunteer spirit, passion, and effort (and a few webinars and conference calls to help keep us on track), we reached our goal and put forth our vision for changing the future of accounting education. While it may take generations to fully implement some of our recommendations, we laid the solid groundwork and structure needed to tackle the tough issues to enhance the accounting education process and our profession. As the effort progressed, we became a family on a journey to reach a common goal. We are confident we will all look back on the journey fondly, at the personal relationships we developed and the solid recommendations we put forth.

Finally, as we have structured our efforts to continue into the future, starting with implementation activities targeted at these recommendations, it is our dream that we will be reading about the Pathways efforts 20 to 30 years from now.

Thanks again for an amazing effort,

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Sponsored by the American Accounting Association and the American Institute of CPAs

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The Pathways Commission on Higher Education: Charting a National Strategy for the Next Generation of Accountants

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The Pathways Commission on Accounting Higher Education: Charting a National Strategy for the Next Generation of Accountants

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The Pathways Commission on Accounting Higher Education: Charting a National Strategy for the Next Generation of Accountants

Executive Summary

Introduction

The Pathways Commission on Accounting Higher Education was created by the American Accounting Association (AAA) and the American Institute of Certified Public Accountants (AICPA) to study the future structure of higher education for the accounting profession and develop recommendations for educational pathways to engage and retain the strongest possible community of students, academics, practitioners, and other knowledgeable leaders in the practice and study of accounting. This charge is, by design, expansive in its scope and open to much interpretation. Accordingly, the Commission began its work by developing a number of fundamental principles on which to focus its study, outreach, and the process used to make its recommendations. This introduction highlights some of those principles as a prelude to the summary of recommendations that follow.

Pathways Commission participants, including leading accounting practitioners and educators, sought input from a variety of stakeholders over the last 18 months to investigate ways to enhance the opportunities and relevance of the accounting education experience in its broadest sense. This document serves solely as an executive summary of the much more comprehensive report of the Pathways Commission, and we encourage readers to explore the full report.

To achieve the Pathways Commission's charge, it was important to explore a wide range of perspectives on current and future challenges and opportunities for the profession. For instance, the amount and complexity of information accountants are charged with interpreting, processing, reviewing, and reporting is continuously increasing. While technological advances can surely enable a profession to better address change and meet new challenges, technological change offers a significant set of challenges to both curriculum development, and effective learning environments.

Economic pressures have always been part of the ebb and flow of challenges that can seem, at times, to be insurmountable obstacles to affecting real and lasting improvements for a profession. Certainly, the recommendations in this report arrive during a very difficult economic climate and thus are presented with even greater impediments to change than normal. These and other identified challenges helped to form a path of exploration for the Commission in its deliberations.

At the beginning of this exploration, the Pathways Commission adopted a fundamental premise: The educational preparation of accountants should rest on a comprehensive and well-articulated vision of the role of accounting in the wider society. This vision of the role of the accounting profession, which is described more fully in the body of the Pathways Commission report, was instrumental in directing the work of the Commission to consider the profession in its broadest sense. Many individuals are engaged in the practice of accounting, filling a wide range of positions in the public, private, not-for-profit, and government sectors of our economy. The mix of formal education, training, experience, and certification needed differs across these roles. Further, certain functions are regulated by state and federal laws. The development of useful business information, preparation, and attestation to informative financial information and the production of reliable data for management decision making requires that those involved in the information chain have an education commensurate with the challenges and responsibilities inherent in their work.

Many readers of this summary and the full report, particularly those in the academic community, will recognize some challenges, impediments, and recommendations that have been discussed in previous studies on the future of accounting education. Recognition of this fact by the sponsoring organizations and the Commissioners at the outset of this undertaking led to the focus in the report on identifying impediments to change and the need for a more focused, continuous approach to affecting change in the profession. Thus, the final recommendation is not directed toward a specific area to be enhanced or changed in the academic or practice communities. Rather, it focuses on establishing an ongoing process to implement these or future recommendations and putting in place the structures and relationships needed to overcome the limitations of periodic efforts to sustain the vitality of accounting education and practice. Studies in the past have surfaced effective ideas and innovations, and incremental changes have been made over time as interested parties have led individual efforts to enhance accounting education. With our history foremost in mind, the Pathways Commission recommendations place significant emphasis on the need for a sustained focus on the many areas that impact accounting education and creating approaches that foster that continuous process.

Summary of Recommendations

The paragraphs above provide a brief glimpse into the thought process and activities that were a part of this effort. The following is a very condensed description of the significant views and recommendations directed at both accounting education and the practice communities offered by the Commission. Each recommendation summarized below is followed by one or more objectives that are intended to provide additional guidance toward accomplishing the focus of the recommendation. Chapter 3 provides the reader with more detailed context for the recommendations and objectives, and Chapter 4 offers detailed actions to implement those

recommendations or overcome identified impediments. Accordingly, in order to gain a comprehensive understanding of each recommendation and suggested implementation actions, readers are encouraged to consider the entirety of the report.

Recommendation 1: Build a learned profession for the future by purposeful integration of accounting research, education, and practice for students, accounting practitioners, and educators.

All too frequently, students in accounting classes are exposed to technical material in a vocation-focused way that is disembodied from the complex, real-world settings to which the students are bound and from the insights that research can bring to practice. In addition, unlike in other professions, accounting practitioners are not significant consumers of academic accounting research. There are many reasons for this; for example, most accountants are not educated in universities on how to read and understand academic research, accounting researchers have difficulty getting access to requisite data to address current problems facing the business community, and academic research is often not directed toward addressing the issues most pressing to the profession. This lack of collaboration is not typical of other learned professions in the university, such as medicine, engineering, or law, where more research is clinical—deliberately directed toward problems faced by practicing professionals. To better address the gap in linkages between research and practice, practice and education, and education and research, objectives for action items to address this recommendation include the following:

- **Objective 1.1:** Integrate professionally oriented faculty more fully into significant aspects of accounting education, programs, and research.
- **Objective 1.2:** Focus more academic research on relevant practice issues.
- **Objective 1.3:** Enhance the value of practitioner-educator exchanges.
- **Objective 1.4:** Integrate accounting research into accounting courses and programs.

Recommendation 2: Develop mechanisms to meet future demand for faculty by unlocking doctoral education via flexible pedagogies in existing programs and by exploring alternative pathways to terminal degrees that align with institutional missions and accounting education and research goals.

The critical shortage of tenure-track faculty in accounting is well documented, especially in the audit, systems, and tax specialties. This shortage is having significant immediate and long-term impacts on both the quality and viability of accounting education and accounting research (e.g., reduced capacity to educate doctoral students, reduced research capacity, reduced terminally prepared faculty teaching master's and undergraduate students, and ultimately fewer faculty members in the future). A combination of circumstances—the shortage of accounting faculty that is likely to increase sharply (given the average age of full-time tenured faculty) and a single pathway to

a single terminal degree in accounting that cannot accommodate substantially more doctoral students—raises questions about how accounting educators will be able to fulfill their roles in teaching, research, and service in the future.

Going forward, flexibility and exploration of new pathways will be essential to maintaining the relevance and delivery of a quality accounting education and to sustaining vital accounting research. Objectives aimed at addressing these conditions include the following:

- **Objective 2.1:** Allow flexible content and structure for doctoral programs.
- **Objective 2.2:** Develop multiple pathways to terminal degrees in accounting.

Recommendation 3: Reform accounting education so that teaching is respected and rewarded as a critical component in achieving each institution’s mission.

Formal and informal reward structures have evolved, too often, to advantage the work and accomplishments of research over those of teaching. Because accounting educators do their work in settings where maintaining their roles in teaching, research, and service are increasingly complex, addressing the imbalance of focus on research compared to teaching is not a simple task. Growing competition for resources at the institutional, college, and program levels and a number of pressures coming to bear on accounting programs are likely to continue to increase. Still, these impediments to addressing this issue need to be overcome. Creating effective learning experiences is a vital part of accounting educators’ work, critical to achieving the values of a learned profession, and should be part of the peer-review process, faculty development plans, reward systems, and other recognitions and incentives. Objectives to meet this recommendation include the following:

- **Objective 3.1:** Increase reward, recognition, and support for high-quality teaching.
- **Objective 3.2:** Better connect faculty annual review, promotion, and tenure processes to the quality of teaching.
- **Objective 3.3:** Improve how universities value the importance of teaching.

Recommendation 4: Develop curriculum models, engaging learning resources, and mechanisms for easily sharing them as well as enhancing faculty development opportunities in support of sustaining a robust curriculum.

The practice of accounting is changing rapidly. Its geographic reach is global, and technology plays an increasingly prominent role. A new generation of students have arrived who are more at home with technology and less patient with traditional teaching methods. All this is occurring while many accounting programs and requirements have remained constant, and accounting curricula

have evolved with limited commitment or agreement about the core learning objectives. Vital programs, courses, and approaches require systematic attention to curriculum and pedagogy and opportunities for renewal. Specific objectives to accomplish this recommendation include the following:

- **Objective 4.1:** Engage the accounting community to define the body of knowledge that is the foundation for accounting's curricula of the future.
- **Objective 4.2:** Implement curricular models for the future.
- **Objective 4.3:** Develop guiding principles and support for a range of faculty development opportunities through varied career paths and cycles.

Recommendation 5: Improve the ability to attract high-potential, diverse entrants into the profession.

Many students beginning in accounting gain the impression that it is a narrow vocational field, and professional practice is almost exclusively about auditing or taxation. The result is too many high-quality students who might otherwise be interested in pursuing accounting are not attracted to it. Promoting the utility of accounting to the broader society and, moreover, ensuring diversity among those who enter the profession is critical. These conditions suggest the following objectives for implementation actions:

- **Objective 5.1:** Enhance perceptions of the study of accounting and career opportunities in accounting.
- **Objective 5.2:** Transform the first course in accounting.
- **Objective 5.3:** Increase student access to master's programs.
- **Objective 5.4:** Develop financial aid literacy programs.
- **Objective 5.5:** Encourage a separate and more focused study of the impediments to better diversity within the profession.

Recommendation 6: Create mechanisms for collecting, analyzing, and disseminating information about the current and future markets for accounting professionals and accounting faculty.

Available information about currently employed accounting professionals and future demand for them can be difficult to obtain. Recent advances in the coverage and accessibility of national data on employment and the ability to link these data to higher-education databases are starting to alleviate this condition. Pathways are also opening for gathering data on future demand. Similar

attention is needed to understand supply and demand conditions for accounting faculty as well. Objectives to be accomplished include the following:

- **Objective 6.1:** Establish a national committee on information needs.
- **Objective 6.2:** Project future supply, demand, and competencies for accounting professionals.
- **Objective 6.3:** Project future supply and demand for all accounting faculty in higher education.
- **Objective 6.4:** Enhance the benefits of high school accounting education.

Recommendation 7: Convert thought to action by establishing an implementation process to address these and future recommendations by creating structures and mechanisms to transition accounting change efforts from episodic events to a more continuous, sustainable process.

For many decades, gifted and dedicated colleagues in the academic and practice communities have identified and wrestled with challenges in educating accountants for the profession. While previous studies have resulted in some successful new directions and promising innovations, most past efforts at renewal have lacked an explicit implementation strategy and structure to move their recommendations forward on a systematic and properly resourced basis. To address this need, the Commission's last recommendation is to establish an implementation process that will bring together a broad group of stakeholders in a manner that encourages further consideration and implementation of the recommendations and suggested action items put forth in this report.

- **Objective 7.1:** Initiate a process that can sustain future accounting educational change efforts.

Impediments

Past efforts to review and renew accounting education have made significant contributions and surfaced effective innovations. However, previous efforts have not systematically identified and addressed the major environmentally induced impediments that inhibit continuing renewal. Pockets of innovation exist that are supported by passionate individuals, but many are frustrated by the difficulties of maintaining that focus, and others work in environments where their interest in that work is stifled.

Impediments exist at institutional, program/department, and individual levels. Among the most significant impediments are 1) failure to acknowledge what drives faculty to change, 2) inability to overcome the silo effect in many departments where curricula are viewed simply as collections of independent courses, 3) delays in incorporating effective practices in pedagogy because faculty lack

experience, knowledge, and development opportunities, 4) the slow pace at which curricular change occurs within colleges and universities, 5) lack of flexibility in tenure processes and post-tenure review focused primarily on research productivity, 6) lack of reward structures promoting student-centeredness and curricular innovation, 7) inability or unwillingness of deans and department chairs to implement change, and 8) lack of appreciation or understanding of the importance of sound pedagogy and professional relevance. Without the commitment of accounting educators and practice colleagues to challenge the institutional cultures and structures at the root of these impediments, sustaining renewal and innovation in accounting education will continue to be limited. The Commission recommends actions to address these impediments, outlined in more detail in the full report.

Conclusion

The Commission's seven recommendations are situated within a complex web of interrelated challenges that are described in the full report. It is important to note that many recommendations address multiple challenges. Furthermore, the recommendations themselves are interdependent. Elements of a given recommendation—for example, the need for approaching these challenges with a common identity for the discipline of accounting or the demand for educational experiences that transcend technical knowledge—occur in more than one place. This interdependence means the recommendations should not be pursued independently. Progress will have to be made on many of these recommendations, and additional recommendations yet to be identified, for accounting education and the accounting profession to meet and exceed the challenges of the future.

As with any undertaking of this kind, there will be views and recommendations in this report that will resonate with many interested persons in the accounting education and practice communities. In turn, there will be some views and recommendations that spark negative responses and spirited debate among some readers. Whether one agrees or disagrees with one or more of the recommendations or whether the impediments can seem insurmountable at times, it is the hope of the Pathways Commission that its process and outcome will begin a healthy debate and closer self-examination of the ways in which the academic and practice communities can forge new pathways to an enhanced accounting profession for the future. Doing nothing because change may seem too difficult or dismissing a recommendation because it is not worded or focused exactly right should not be an acceptable response.

As implementation activities around these recommendations begin, we welcome your comments and suggestions at www.pathwayscommission.org.

Chapter I: Introduction

This report reflects the consensus views of the Pathways Commission. The Commissioners and the Supply Chain leaders and members represent not only leaders in academe and practice but also a broad cross section of individuals with significant accounting practice and education experience. However, the array of topics and policies that impact the future of accounting education is so broad that it was not possible to assemble a group with direct expertise in all relevant areas for this first phase or to engage an even broader community to surface every critical area for attention. Accordingly, the Pathways Commission convened a public meeting with invited speakers, presented at more than 40 conferences and meetings, and continuously sought input via the Pathways website. Although other solutions are undoubtedly possible, the Commission believes the issues and recommendations included here, if implemented, will help accounting education and practice better meet the challenges and opportunities of the future. Finally, the Pathways Commission recognizes that many of the issues deliberated and recommendations offered will not be able to be adequately addressed in the near term. In addition, new issues will arise, and some of the recommendations in this report, once piloted, will likely need further study. Many of the issues that are addressed in this report are evergreen or structural in nature and cannot be immediately solved. Accordingly, the Commission has focused on including not only recommendations for change but also processes and strategies that can be used to better address these challenges and other challenges going forward.

As previously noted, many past studies of the challenges facing accounting education concluded with recommendations for future action (see Chapter 8: Historical Context for Changes in Accounting Education). The Pathways Commission process was designed not only to surface recommendations to enhance elements of accounting education, but also to recognize some of the key impediments to implementation of those recommendations and offer thoughts and ideas to improve the opportunity to achieve change from the recommendations. Throughout this report, there are references to the implementation activities. The Commissioners have considered and suggested a number of specific actions that should be undertaken and implemented as a continuation of this current effort and as a backdrop to a more continuous review and adaptive process in the future. These implementation activities are intended as starting points for a continued, sustained change effort involving all stakeholders interested in the future of accounting education and are included as recommendation 7.

Just as this report is not the first exploration of these topics, surely it will not be the last. Today's challenges present opportunities for reflection, debate, and new directions. Future events will produce new challenges and opportunities, so it is important that self-evaluation of issues and implementation of change efforts not be viewed as a one-time event. Rather, the recommendations in this report and the implementation activities identified should be viewed as a starting point for the next round of evaluation and improvement for the benefit of all stakeholders in the accounting profession.

Important Issues Discussed but Not Addressed in This Report

There are three issues not specifically addressed in this report that the Commission felt compelled to identify: the ACAP recommendation to consider a postgraduate professional school of accounting, detailed recommendations on enhancing diversity in the accounting profession, and the 150-hour educational requirement for accountants.

First, although the ACAP recommended the Pathways Commission “consider the potential role of a postgraduate professional school model to enhance the quality and sustainability of a vibrant accounting and auditing profession,” the Commission felt it was premature to address this issue without addressing the underlying issues currently impacting accounting education and the profession. Further study of this issue is suggested as a part of the ongoing implementation activities.

Second, the ACAP report addressed the importance and challenges of diversity within the auditing profession as noted in the following excerpt (Department of the Treasury 2008):

“The Committee recognizes that important groups within the minority population are significantly underrepresented in the accounting and auditing profession, especially at senior levels, and this underrepresentation of minorities in the profession is unacceptable from both a societal and business perspective. As the demographics of the global economy continue to expand ethnic diversity, it is imperative that the profession also reflect these changes.”

The Pathways Commission also recognizes the significant challenges and undeniable need to improve the representation of minorities so as to enrich the pool of human capital not only for the auditing element of the profession, but for the more broadly defined accounting profession. The significance of this issue is important for both the future of accounting education and the profession. The failure to attract and retain qualified entrants that reflect the diversity within the population will negatively impact the profession in a significant way. The differing perspectives that these entrants, who are currently underrepresented, bring to the workplace will be critical to the long-term success of the profession. If this issue is not addressed soon, there will be a growing shortage of qualified accounting professionals to meet the needs of the economy.

Past studies of the future of accounting education have also noted the importance of better addressing the lack of diversity in the accounting profession. Over the years, there have been a variety of interested organizations that have dedicated significant thought and resources to this challenge. Many excellent programs and initiatives have been developed to provide more information to underrepresented groups regarding careers in accounting and to encourage those individuals to make accounting their career choice. In addition, there have been many programs to support expansion of minority faculty and other role models for minority students. While many of these programs have had a positive impact on improving diversity, such past efforts have still fallen short of achieving sufficient diversity in the profession.

Although the mission and work of this Commission was not specifically focused on the challenge of increasing diversity, the need to more effectively address the necessity for greater

diversity was evident in the inquiries and work. This challenge is so important to the future of the profession that it deserves and requires its own focused effort to better understand how the accounting profession can meet this challenge. This report addresses many recommendations for enhancing accounting education that will have a positive impact on all potential entrants into the profession. However, the Commissioners recognize that the significance of addressing the lack of diversity within the profession now and into the future is a challenge that needs very focused and extensive attention beyond what this Commission could appropriately address. Therefore, the Pathways Commission recommends the current sponsors join with other interested parties and undertake a collaborative and in-depth review of existing efforts to attract and retain underrepresented groups in the accounting profession.

Third, numerous commissions over the past 70 years have agreed that the complexity and scope of knowledge accountants are expected to master require additional higher education. This Commission affirms that formal accounting education provides the knowledge foundation for all accounting professionals however they are employed or practice, and the pursuit of additional higher education in accounting can only enhance a professional's value in fulfilling his or her societal promise. Acknowledgment of this need, specifically for certified public accountants (CPAs), was a critical factor as state regulatory bodies and the profession joined together more than 25 years ago to begin the process of enacting legislation to require a minimum of 150 hours of college-level education as a qualification to becoming a licensed CPA. All states have now enacted this additional education requirement. This Commission supports the additional educational requirements for accounting majors seeking to become licensed as CPAs whether through postgraduate study or additional undergraduate courses. Today's expansive body of knowledge coupled with the increased responsibility to the public required of those accounting professionals who choose to use their accounting education and skills in furtherance of the public good demand this additional level of educational preparation. As a result, these recommendations have been provided under the premise that additional higher education is a fundamental element of accounting education for those accounting students who seek licensure as CPAs.

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Department of the Treasury. Final Report of the Advisory Committee on the Auditing Profession to the U.S. Department of the Treasury, October. 2008.

Chapter 2: Value Proposition for a Broadly Defined Accounting Profession

Role of Accounting in Society

The Pathways Commission took up the charge to bring the accounting community together to develop a shared sense of educational pathways to enhance effectiveness and success in the practice and discipline of accounting. The Commission began its work with a fundamental premise: The educational preparation of accountants should rest on a comprehensive and well-articulated vision of the role of accounting in the wider society.

The definition of any profession begins with a commitment to provide a benefit to the public. This commitment to public trust and service represents one side of a social contract. In return, society grants the profession a measure of autonomy to govern its own affairs. In accounting, this commitment requires members of the profession to consistently provide accurate and reliable information to members of the public, which enables them to make sound investment decisions, and to managers to facilitate the efficient and productive use of resources. For accounting education, this commitment requires the preparation of accountants to encompass not just technical accounting knowledge, effective thinking and problem solving, and professional practice skills, but also a deep understanding of the accountant's public role.

Students, faculty, and accounting practitioners need a shared sense of why accounting is important; the scope and breadth of the accounting profession; and what it takes to successfully think, perform, and act with integrity in the study and practice of accounting. With that shared understanding, it is easy to explain why attracting bright, committed, high-potential students into the practice and study of accounting is critically important.

Accounting information is central to the functioning of international capital markets and to managing small businesses, conducting effective government, understanding business processes, and raising and addressing questions about how economic decisions are made. Without this information and understanding of its meanings, grasp of its implications, assurance as to its veracity, effective reporting of its information, and consideration of questions it raises, our economic activity would be significantly impaired. Those persons educated and trained in accounting skills are, therefore, essential to the flow of financial information supporting economic activity. In today's rapidly changing business and technological environment, the accounting profession, broadly defined, must have the ability to attract capable students to pursue careers in the profession and enhance their continued development while also challenging practitioners to sustain the core principles of the profession. The accounting profession must also continue to build and sustain the community of

professionals, academics, and knowledgeable leaders needed to fulfill the profession's responsibility to the variety of stakeholders it serves.

The focus of the Pathways Commission activities was to engage faculty and professionals in examination of and debate about how accounting education and practice can work together to address future challenges and opportunities. This project was significantly enabled by the in-depth and thoughtful efforts of previous studies on the issues and challenges facing accounting education (see Chapter 8: Historical Context for Changes in Accounting Education).

Walter Wriston (1985) wrote, "Information about money is almost as important as money itself." Information is critical to sustaining technological advancement, innovation, and the businesses that create them—the critical foundation of our economy. The amount and complexity of information accountants are charged with interpreting, reviewing, reporting, and processing is continuously increasing in a world where instant results are now the norm. At the same time, economic challenges for both professional and educational systems limit resources. Accounting education is challenged to keep pace with opportunities and expectations that students learn to think in new ways and develop the necessary skills and knowledge to maintain the profession's ability to meet these evolving opportunities. Without innovation and change, the discipline and profession risk becoming supplanted by technology or possibly rendered irrelevant because of mechanical rules and artificial contrivances.

The Value Proposition for a Broadly Defined Accounting Profession

As the Pathways Commission began exploring the body of previous recommendations and attempts to change accounting education, it noted the absence of a concise statement of the value provided to the economy by the broadly defined accounting profession. Because defining why the accounting profession is important and who we are as accountants provides the basis for all subsequent discussion and recommendations, the Commission addressed this central vacancy by developing the value proposition statement presented below.

A Global Strategic Resource

Across the globe, a common characteristic of economies that flourish is the presence of reliable accounting information. Some would say accounting information is the common language of business and economic activity and the very lifeblood of global capital markets. The term "accounting information" encompasses financial and nonfinancial information about the activities, performance, and condition of individuals or organizations. Absent the confidence and trust engendered in market participants by the ready availability of reliable accounting information, domestic and global markets would cease to function efficiently, businesses would fail to thrive and flourish, and global prosperity would become something less than an attainable goal.

A Professional Responsibility

A necessary condition for the ready availability of reliable accounting information is a vibrant and robust accounting profession. The term “profession” is anchored in the notion of a commitment to provide a broad common benefit to society at large. A profession operates under the terms of a social contract whereby the profession is granted a degree of latitude in the management of its affairs in exchange for a commitment to serve the broad public interest. The accounting profession’s social contract encompasses a set of promises and commitments centering on the preparation and dissemination of reliable accounting information.

With an expectation of integrity and expertise in all matters relating to accounting information, accountants provide a wide range of accounting-related services to a vast array of organizations across the private, public, and not-for-profit domains. Accountants hold a variety of positions of trust within organizations; they serve as trusted advisors to businesses, to government at all levels, and to society at large, and they attest to the reliability of accounting information across all sectors of domestic and global economies. Absent a healthy, vigorous accounting profession, the ready availability of reliable accounting information would be something less than an expectation, much less an assumption, of market participants.

A Value Proposition

The value proposition of any profession, accounting included, rests squarely on the ability and willingness of the profession and its members to honor the commitments implicit in the profession’s social contract, i.e., to serve the profession’s broad public interest. The accounting profession’s value proposition rests on the ability and willingness of its members to serve the broad public interest associated with reliable accounting information. This value proposition, as it applies to each member of the accounting profession, begins with personal integrity and intelligence, builds on this foundation with a lifelong commitment to a highly developed base of technical knowledge and professional skills, and applies these practical skills with a deep sense of and commitment to the accounting profession’s ethical standards and practices as well as its broad societal and economic purposes. Absent a highly competent membership, thoroughly committed to the profession’s ideals and purposes, the accounting profession has little hope of living up to its commitments and responsibilities to market participants as well as to society at large.

An Educational Priority

In a very real sense, accounting educators are trustees or guardians for the future of the accounting profession. The educational responsibility of the accounting academy is a broad one, broader and more formative than that of educators more generally, encompassing the development of cognitive skills and the acquisition of technical knowledge, of course, but going well beyond this to develop in students an entry-level base of necessary professional skills along with an understanding of and resonance with the accounting profession’s broad societal

purposes. This educational responsibility has both curricular (what we teach) and pedagogical (how we teach) dimensions.

Who Is an Accounting Professional for a Broadly Defined Accounting Profession?

The Commission purposely chose a broad approach to defining the scope of who is an accounting professional. The identification of the scope of accounting as a profession is related to the value proposition presented above and provides guidance to those considering entry into the accounting profession. A clear statement of the scope of accounting further ties together the discussion and recommendations in this report. Faculty, practitioners, students, and other prospective entrants into the accounting profession can use an understanding of the scope of accounting in selecting their own pathways and in advising others at different stages of their careers.

Accountants hold a variety of positions of trust within organizations. Some serve as advisors to businesses, to all levels of government, and to society at large. Some educate the next generation of accountants and attest to the reliability of accounting information across all sectors of the domestic and global economies. Accountants may use their skills and talents to assist management in understanding and monitoring the operations of businesses and other organizations and in facilitating the efficient and effective deployment of resources. Other accountants facilitate compliance with tax and regulatory requirements that are inherent in our complex business environment and coordinate the information gathering and reporting processes needed to meet the demands of all the functions identified above. They are not just scorekeepers, monitors, or bean counters. Accounting information is how businesses communicate, attract resources, and decide how to reconfigure themselves in a world where technology continually accelerates the pace of change.

The accounting roles described above require competent individuals whether they have a high school degree, two-year degree, four-year degree, master's, or terminal degree in accounting. Similar to how paralegals and attorneys are both generally considered to be part of the legal profession, they all should be viewed as members of the accounting community.

Conclusion

Absent a determined, sustained commitment by accounting educators to an educational model that is at the same time broadly formative and comprehensively attuned to the ever-evolving societal demands placed on the accounting profession, the profession faces the very real risk of erosion of its ability to deliver on its commitment to serve the broad public interest associated with reliable accounting information. This eventuality has far-reaching and profound implications, stretching well beyond the bounds of the accounting profession.

References

Wriston, W. B. "Microseconds and Macropolicy." *AEI Journal on Government and Society* 9, no. 2 (March/April 1985): 13–16.

Chapter 3: Recommendations

This chapter of the report contains the summarized recommendations of the Commission's efforts, which were borne out of the inquiry, dialogue, and study by all participants directly involved in this effort and all those interested stakeholders who have shared their views and perspectives during the many outreach meetings that were conducted. Pathways updates were presented at more than 40 conferences or meetings during 2010, 2011, and 2012. The Commission's recommendations, objectives, and action items are summarized in this chapter with expanded detail and support included in Chapter 4.

The Commission believes a significant factor limiting the potential impact of the well-considered recommendations of our predecessors is that previous efforts did not explicitly identify and/or address the potential environmental, social, cultural, and professional impediments to implementing their recommendations. That, combined with an episodic rather than ongoing structure and strategy, has limited the ability to sustain innovation and focus. Here, following each recommendation and its objectives, the Pathways Commission lists impediments involving faculty, the accounting profession, academic administration, and institutional processes and offers actions to overcome these impediments within the short term. The longer-term impediments should be addressed more fully during the ongoing implementation activities and beyond. Each of the recommendations below includes impediments relevant to the particular issue, but there are impediments that cut across all these issues, and these are addressed in Chapter 5.

Recommendation I

Build a learned profession for the future by purposeful integration of accounting research, education, and practice for students, accounting practitioners, and educators.

Traditionally the “learned professions” comprise law, medicine, and theology. Recently the field of engineering was included as well in a study of the professions by the Carnegie Foundation for the Advancement of Teaching. Does accounting warrant this classification as well? Strong linkages between research and practice, practice and education, and education and research are key to sustaining an intellectually recognized profession.

The three traditional learned professions—theology, law, and medicine—are considered so because they require advanced learning that is critical to preparation for practice and because academic research is purposefully integrated into the practice of those professions. By expanding existing networks and perspectives on scholarship and its roles and infusing learning experiences with the products of those linkages, accounting can continue developing as a learned profession.

All too frequently, students in accounting classes are exposed to technical material in a vocation-focused way, disconnected from the complex real-world settings to which students are bound and from the research focused on understanding that setting (Rutherford 2011). Linking learning experiences to both relevant practice and research would build skills and understanding for lifelong engagement in accounting practice and study.

Answering Henry Rand Hatfield's query from 1924, "Is accounting an academic discipline?" Joel Demski (2007) suggests student learning experiences are a key element:

"...our instruction has become first-job vocational. Accounting majors are treated to a litany of rules and even tutoring in how to look up additional and newer rules. Beyond that, a vast amount of the curriculum is arguably aimed at preparing the student for an initial job...The student is tutored in how to use accounting products as they are delivered today, using today's deciphering techniques. Again, the vocational focus is overwhelming. Initial jobs are, of course, important, but so are the ones that follow."

Expanding on that point, John Fellingham (2007) writes, "Research and teaching are inseparable in a true academic discipline."

The twentieth century brought remarkable progress and insights in the science of information: economics, engineering, and computation, of course, but more fundamentally, in biology and physics... Is accounting an information science? The potential seems to be there. Information is a word that is often used when describing accounting activities. We do not, however, stress rigorous analysis of information in the accounting curriculum...

If we wish to act as an information science, a plethora of relevant topics could be taught in accounting courses (and these topics could be researched, once again stressing that teaching and research are inseparable in an academic discipline)... Who is more concerned with data integrity than accountants?

In the business community, unlike other learned professions, accountants in practice are not often involved in creating accounting research nor are they significant consumers of accounting research. This context is very different in professional practice disciplines, such as medicine, engineering, and law, where more research is deliberately directed toward problems faced by those practicing the profession.

Weak links between accounting education, practice, and research make for missed opportunities: for students to understand practice issues in greater depth and experience the insights research can bring to practice, for developing awareness and capabilities in the practice community, and for attracting students who will be the accounting faculty of the future. Without exposure to research, students become professionals without an appreciation for research, contributing to the reluctance to make data available for academic research, to use research findings for insights into practice dilemmas, and to develop collaborations that benefit accounting educators and practitioners. Currently accounting researchers have difficulty getting access to requisite data to address current problems facing the business community, and the academy does

not always reward and recognize academic research directly focused on issues most pressing to practice. This disconnect is not typical in other learned professions.

The call to establish better bidirectional links between accounting educators and practitioners is not new. More than a decade ago, W. Steve Albrecht and Robert J. Sack (2000) made this challenge:

We...need to look for creative ways to involve business professionals in the educational process and to exploit the potential for out-of-class activities... Faculty must stay engaged, in some form, with the fast-paced changing world of business. Faculty must have consulting, internship, residency, or other real-world experiences that allow them to understand the kinds and pace of changes taking place.

To address the gap in linkages between research and practice, practice and education, and education and research, the Commission recommends several actions to support accounting programs' efforts to reflect the challenges and complexities of a rapidly changing business world, and to influence practitioners to assist in research endeavors (i.e., data) and enhance their understanding of the value of accounting research.

As Albrecht and Sack (2000) note, we need to do a better job involving business professionals in educational processes. One way this could be accomplished would be to more effectively blend professionally oriented faculty into accounting programs. Those whose education was intended primarily to prepare them for careers in business or accounting practice begin teaching at a later stage, bringing significant business and practice experience to courses and curriculum. New structures and types of positions are emerging for "clinical" faculty, and it will be important that expectations for continuing engagement in practice activities and development be part of those structures, so these colleagues are able to continue bringing value to their organizational mission.

For the vast majority of faculty hired prior to the early 1990s, their resumes included significant professional experience. Over the last 20 years, academic culture has changed, and the vitae of many new-generation faculty reflect the expectations of their institution and focus primarily on research, lacking any significant business or practice experience. As the accounting discipline has developed and university culture has changed, it has been challenging to maintain a balance in expectations for faculty work. With the university culture focusing more attention on the requisite skills for research, practice questions have become more difficult to address. With greater focus on the development of research methods and mathematical modeling, real issues of practice can be missed—and meaningfulness reduced. Thus, many accounting professors receive little direct insight into the challenges of accounting practice in their career preparation. In many cases, this lack of insight restricts their ability to communicate with professionals, to convey the realities of practice to students, and to produce research that is more reflective of practice.

Lastly, the publication process for accounting academic research is lengthy and very detailed. While the current process enhances the academic rigor of published research, oftentimes the delays in publishing mean that useful research on timely topics is received far too late to have a meaningful impact on practice. The Commission recommends a focused dialogue among interested parties to explore changes to the current review and publication process.

Objectives	Action Items
1.1 Integrate professionally oriented faculty more fully into significant aspects of accounting education, programs, and research	<ul style="list-style-type: none"> • Include professionally oriented faculty as full and valued members of the accounting faculty • Identify, attract, and develop practitioners to become professionally oriented faculty
1.2 Focus more academic research on relevant practice issues	<ul style="list-style-type: none"> • Establish additional joint research ventures modeled on successful collaborative approaches • Widely disseminate practice-relevant research to practitioners • Encourage academic journals to publish research that addresses critical and emerging practice issues • Engage appropriate stakeholders in a robust dialogue aimed at improving the timeliness of publication of accounting research • Encourage innovation in accounting research
1.3 Enhance the value of practitioner-educator exchanges	<ul style="list-style-type: none"> • Develop robust faculty-practitioner internship and externship programs • Implement programs to match the needs of and improve connectivity between universities and practitioners
1.4 Integrate accounting research into accounting courses and programs	<ul style="list-style-type: none"> • Encourage embedding research into learning experiences for all accounting students

Impediments

While there are a number of existing points of intersection between accounting academics and practitioners, a more robust partnership would benefit the accounting profession overall. There are a number of impediments that impact integration across accounting research, education, and practice:

1. University's rankings are, in part, based on the volume of academic research published in selected journals. Individual faculty members are then evaluated, including assessment of qualifications for tenure, based on their contribution to these selected journals. At the same time, this group of selected journals rarely publishes directly practice-focused research.
2. There are significant barriers imposed by professional standards and regulators that prevent accounting researchers access to confidential client and audit firm data necessary for rigorous academic research.
3. Resource constraints within firms and at universities have reduced the discretionary time necessary to pursue many exchanges that would enhance practice and accounting education.

4. Working professionals are discouraged from pursuing professionally qualified academic positions because of cultural barriers at universities that favor academically qualified professors.
5. There are few formalized mechanisms for accounting educators to maintain awareness of current practice problems on which to focus their research, where data would be available.
6. Current accreditation standards, university policies, and other factors may restrict flexibility in recruiting talent, particularly in times when academically qualified faculty are in short supply.

Recommendation 2

Develop mechanisms to meet future demand for faculty by unlocking doctoral education via flexible pedagogies in existing programs and by exploring alternative pathways to terminal degrees that align with institutional missions and accounting education and research goals.

With a shortage of full-time tenure-track faculty, changes arising in structures and financial support in colleges and universities, and trends emerging in the makeup of accounting faculties and programs, new models are emerging to meet the demand for accounting educators. Going forward, flexibility, attention to quality, and exploration of new pathways will be essential to maintaining the relevance and delivery of high-quality accounting education and sustaining vital accounting research.

The critical shortage of research-active, tenure-track accounting faculty members, especially in the audit, systems, and tax specialties, is well documented (Association to Advance Collegiate Schools of Business International 2008; Kachelmeier et al. 2005; Hasselback 2011; Plumlee et al. 2006; Leslie 2008; Behn et al. 2008). This shortage has serious immediate and long-term consequences for both the quality and viability of accounting education and accounting research (e.g., reduced capacity to educate doctoral students, reduced research capacity, reduced terminally prepared faculty teaching master's and undergraduate students, and ultimately fewer faculty members in the future).

At present, there is only one real path to doctoral education in accounting: a distinct model characterized by full-time residential programs, substantial program length, little or no formal teaching preparation for doctoral students, and research training substantially confined to quantitative rather than qualitative methods. Corresponding to the predominant model in the university, the accounting Ph.D. is a research degree awarded for original contribution to knowledge, critical to continuing to build understanding of accounting foundations, theory, practice, and education.

Flexibility around characteristics and requirements of doctoral programs has been slow to develop (Gill and Hoppe 2009). With existing program parameters in place, applications to traditional doctoral education are restricted to a narrow set of candidates. This combination of the shortage of accounting faculty that is likely to sharply increase, given the average age of 58 for full-

time tenured faculty (Hasselback 2011), and a single pathway to a single terminal degree in accounting is cause for concern.

In the meantime, the makeup of accounting faculties is changing. A recent study by the American Accounting Association (Leslie 2009) found that accounting faces conflicting pressures of rising enrollments and declining numbers of faculty:

“In the broader academic labor market, escalating costs associated with long-term obligations to tenured faculty have pressed institutions to substitute part-time and shorter-term full-time instructional faculty for traditional tenure-eligible positions. Without the prospect of a sufficient supply of qualified Ph.D. faculty, accounting programs have met at least some of the demand by increasing their reliance on part-time and non-tenure-eligible (NTE) full-time faculty. While the proportion of all faculty in accounting who were tenured or on the tenure track fell from 41% to 38% from 1993–2004, the proportion of non-tenure-eligibles (NTEs) in accounting (those full-time faculty not on the tenure track plus part-timers, virtually none of whom are tenure-eligible) rose from 59% to 62%” (p. 7).

Ensuring that these new entrants into accounting program faculties have both preparation and opportunities for ongoing development could be accomplished by developing alternative pathways to terminal-degree programs with a goal of preparing practical scholars. Sometimes called “professional” or “executive,” these programs are typically more flexible, may be part time, focus on qualitative and applied research, and emphasize training in effective teaching methods and curriculum development. This alternative pathway is appealing to graduate students with professional experience, candidates with families, and those preferring to emphasize applied research and teaching excellence as career objectives.

The Association to Advance Collegiate Schools of Business International's (2011) preliminary research on global trends in doctoral education indicates that islands of innovation and experimentation are emerging worldwide:

“Across the globe, the evidence reveals a vibrant global doctoral education community characterized by diverse models and emerging innovations. Our research has done little to reveal the quality implications of many of the alternative models for doctoral education... Nevertheless, it does reveal several areas for attention by doctoral studies directors, by potential doctoral students, and by those charged with assessing the quality of the education experience.”

With 62% of today's accounting faculty in non-tenure-eligible positions working side-by-side with tenure-track colleagues, a blended faculty model has evolved to become the reality in most accounting programs. A more deliberate process will be needed to ensure vital education and research in the future.

Objectives	Action Items
2.1 Allow flexible content and structure for doctoral programs	<ul style="list-style-type: none"> Build on experiences of existing innovative approaches for preparing doctoral students
2.2 Develop multiple pathways to terminal degrees in accounting	<ul style="list-style-type: none"> Build on the experiences of existing professional, part-time, and executive doctoral programs

Impediments

The major impediments to change in doctoral education and development of alternative terminal-degree programs include the following:

1. Costs of programs are high, and there is a lack of financial incentive for institutions to offer doctoral and other terminal-degree programs. External funding for doctoral education is scarce.
2. Faculty are committed to the parts of the model that work very well, and are concerned that any change from that model could result in tearing down its most important elements.
3. There can be difficulty overcoming internal university barriers, including program development and approval and the alignment of incentive systems.
4. While alternative terminal-degree programs may offer promising options, those faculty will be no different from their doctorally prepared colleagues, requiring support for faculty development, opportunities for scholarship, and time for course development, curriculum planning, and scholarship.

Recommendation 3

Reform accounting education so that teaching is respected and rewarded as a critical component in achieving each institution’s mission.

With growing pressure for institutional, college, and program competition and a number of pressures coming to bear on accounting programs, both formal and informal reward structures have evolved, too often, to advantage the work and accomplishments related to research over those related to teaching. Without finding a better balance in recognizing faculty contributions, the academy will not be able to effectively meet the challenges and opportunities of the future—in higher education or the accounting profession.

Accounting educators’ dedication to research is in every way central to our enterprise—to education and to practice. This recommendation is focused on meaningful actions to balance the goals of education: creating value in teaching

students, conducting research, and engaging practice. It is not a question of making a choice between, but rather finding meaningful ways to encourage and reward, both.

This subject is one of the most difficult to address, not only in accounting, but across most disciplines. Our institutional contexts are varied. Accounting programs find their homes in many different kinds of schools with many different missions. Because of these differences, cultural views and rewards for accomplishments in teaching and research vary, making conversations and problem solving difficult. Faculty cannot let this conversation devolve into criticisms of our most central and shared values: research and teaching and their contributions to practice and the understanding of accounting. In question is how accounting educators can best structure and organize the work of our faculty communities—in programs, classes, departments, schools, and colleges—recognizing excellence in both teaching and research.

While it may seem self-evident—when reviewing college and university websites, brochures, catalogs, and student recruitment materials—that the concept of teaching is important, the art of teaching is not held in as high regard as research by the university culture. Too often, teaching is celebrated only through minimal annual teaching awards (when compared to research-related rewards) and is not given balanced focus in faculty evaluation processes. Approaches to teaching are less frequently studied or taught and often are not an active part of faculty professional development plans (Lueddeke 2008; Diamond and Adam 2004). At a time when the costs of a university education are soaring and state budgets are shrinking, more scrutiny is being focused on the purpose and mission of higher education and whether these institutions are delivering an education equal to the demands of the 21st century. Enhancing the importance of and regard for teaching must be part of these cost-benefit discussions.

Creating effective learning experiences is a vital part of accounting educators' work, critical to achieving the values of a learned profession. Thus, a balanced focus on teaching excellence must be built into faculty development plans, reward systems, post-tenure review, and other recognitions and incentives. As with practice relevance, peer review of teaching should address continuous efforts to engage in developing and implementing the skills and activities that result in excellent learning experiences. Continuous efforts to build teaching expertise and explore new approaches to teaching and curriculum creation should be part of faculty review and reward systems. These recommendations focus on gaining ground for teaching in the university culture, in the reward system, and in the preparation of future accounting educators.

Faculty in accounting programs in institutions with a primary teaching focus will have important perspectives to assist in these efforts. With institutional missions that are more tied to teaching than research outcomes, faculty in these settings have resources and best practices to share that have been largely unrecognized. Development of a national/international peer-review mechanism for teaching will make finding, sharing, and recognizing this work as important to this process.

Objectives	Action Items
3.1 Increase reward, recognition, and support for high-quality teaching	<ul style="list-style-type: none"> • Provide monetary teaching incentives through fundraising or other external development efforts to achieve comparability with research • Develop a reward and support structure for teaching comparable to that of research with peer review processes similar to those used to evaluate research
3.2 Better connect faculty annual review, promotion, and tenure processes to the quality of teaching	<ul style="list-style-type: none"> • Document teaching portfolios and evaluate them as part of the annual review process with peer-review processes similar to those used to evaluate research • Incorporate teaching portfolios as part of the tenure external review process
3.3 Improve how universities value the importance of teaching	<ul style="list-style-type: none"> • Establish national teaching awards and school teaching ratings • Establish a national center for accounting education excellence

Impediments

Two major impediments exist with respect to the ability to rebalance the culture of higher education:

1. Research output is a significant factor in business school rankings. To enhance rankings, significant resources (usually at the cost of teaching resources) are oriented toward research productivity, including summer support, research support, endowments, reduced class loads, and research awards. The result is that, in a time of constrained resources, this becomes a zero-sum game. If resources are to be provided for teaching, absent new revenue sources (e.g., fundraising, grants, contributions), resources must come from those currently allocated to research.
2. Research output is quantifiable because of journal rankings and the ease of counting authors' journal articles. Currently, there is no generally accepted mechanism for evaluating teaching using external peer-reviewed criteria. Without such a mechanism, it may be difficult to measure and distinguish among different levels of teaching performance. Because research output is externally quantifiable, those who excel at research can become more marketable in the academic community. Simply stated, a market for master teachers does not exist that equals the market for master researchers.
3. At the heart of this dilemma is the absence of accepted peer-review mechanisms on par with those the community relies on for recognizing contributions in research. While counting research articles and presentations seems simpler than assessing the impact of teaching contributions, the underlying peer-review process is anything but simple and requires

considerable resources in time and engagement of accounting scholars around the world. Accomplishing the rebalancing of rewards and respect for teaching will require robust attention to establishing peer-review processes similar to those applied to research.

Recommendation 4

Develop curriculum models, engaging learning resources, and mechanisms for easily sharing them as well as enhancing faculty development opportunities in support of sustaining a robust curriculum.

Accounting is a vibrant, rapidly changing profession. Its geographic reach is now global, and technology plays an increasingly prominent role. A new generation of students who are more at home with technology has arrived. They need learning experiences connected to core concepts in accounting and emerging questions from practice and scholarship, preparing them to bring new understanding to bear on critical questions and problems of accounting thought and practice. While accounting programs and requirements look similar, accounting curricula have evolved with limited commitment or agreement about core learning objectives in recent years. Vital accounting programs, courses, and learning environments need systematic attention to foundations for curriculum and pedagogy and opportunities for renewal for accounting educators.

The accounting community has learned about the process of accounting education from earlier projects, voluntary studies, and regulatory experiences. Many issues raised in those efforts remain evergreen partly because of evolving practice issues in a vibrant profession and partly because of structures supporting ongoing renewal in the academy. What are the best ways to address emerging practice issues, the global business environment, questions emerging from academic research, the new generation of students, and the ways technology continues to transform business and education? How can faculty best stay abreast of these changes and keep current throughout their careers?

The Commission believes these perennial issues require coordinated and systematic attention from the accounting community—faculty, administrators, and practitioners—to transform students into professionals, business leaders, and faculty and prepare them to serve society in a multitude of roles. Accounting educators must bring together the broad accounting community to develop a shared vision for a body of knowledge that can serve as the foundation for varied curriculum models, allowing flexibility across varied educational institutions and missions. These efforts should result in a suite of effective materials and pedagogies that take into account emerging practice issues, established and nascent research findings and questions, the global business environment, the new generation of students, and the ways technology is transforming business, which will be key resources for supporting vital programs and curricula.

Other professional disciplines are confronting similar issues, evidenced in the decade-long research project, the Preparation for the Professions Program, conducted by a team of scholars

with the Carnegie Foundation for the Advancement of Teaching (Colby and Sullivan 2008; Gardner and Shulman 2005; Sullivan 2008; Wilkerson 2010).

To know and understand the discipline is certainly a sufficiently ambitious goal for any of us teaching within a subject area or discipline. But when you're preparing someone to...practice [that] is just the beginning. There is much more...The educator in a profession is teaching someone to understand in order to act, to act in order to make a difference in the minds and lives of others—to act in order to serve others responsibly and with integrity (Shulman 2005).

These challenges compel educators to create learning experiences that build capabilities required to perform, reason, and act as responsible, ethical, thoughtful members of the profession. Further, the accounting profession and the environment in which it functions are ever changing. For our students to be prepared to practice in this continually evolving business environment, accounting educators creating those learning experiences need support and opportunities to stay abreast of current and emerging ideas and knowledge in the discipline and practice and engage in creating learning resources and environments that build the capabilities outlined in accounting's body of knowledge. Many faculty development opportunities involving teaching and research experiences, varying throughout the faculty life cycle, must be available and supported to sustain a vibrant, engaging accounting curriculum.

Objectives	Action Items
<p>4.1 Engage the accounting community to define the body of knowledge that is the foundation for accounting's curricula of the future</p>	<ul style="list-style-type: none"> • Convene a task force, led by educators and including broad representation across disciplinary areas and practice, to engage the community in defining the accounting body of knowledge • Define and develop a signature pedagogy, or suite of pedagogies, that will support the learning approaches of a globally diverse student body • Connect the accounting body of knowledge to a map of competencies and related performance levels (e.g., Bloom's Taxonomy) for alternative accounting career paths • Reach a general consensus on where elements of the accounting body of knowledge inform curriculum models • Create curriculum models that embed appropriate competencies into curricula for both undergraduate and graduate programs • Transform learning experiences to reflect current and emerging technologies and global trends in business • Transform learning experiences to develop a global mind-set for all students. • Craft a first course in accounting that reflects the possibilities and challenges of a vibrant profession

Objectives	Action Items
4.2 Implement curricular models for the future	<ul style="list-style-type: none"> • Develop multimedia resources and processes to facilitate implementation • Communicate to faculty and their departments the rationale to implement curriculum • Pilot an undergraduate curriculum, including the first course in accounting, to incorporate a signature pedagogy • Pilot graduate education in areas of professional specialization that hones student talent to meet the ever-changing challenges of the profession, including an appreciation of the role research plays in the profession • Engage with the Association to Advance Collegiate Schools of Business (AACSB) International and other relevant accreditation bodies throughout the curricular innovation and implementation process, particularly as it relates to the accounting accreditation standards of these groups, to foster understanding and support for accounting curricula and pedagogy changes
4.3 Develop guiding principles and support for a range of faculty development opportunities through varied career paths and cycles	<ul style="list-style-type: none"> • Establish guiding principles for development activities that align with faculty members' roles • Influence schools, departments, and accreditation agencies to remove disincentives for faculty development.

Impediments

Impediments to curricular and pedagogical changes fall into four major categories:

1. Lack of recognition, reward, and incentives for faculty work in areas related to curriculum development, learning-resource creation, and faculty development generally.
2. Overcoming the silo effect that occurs in many departments where the curriculum is viewed as a series of independent, not integrated, courses.
3. Difficulty incorporating innovation and cutting-edge developments, especially technology and practice issues into curricula as a result of item 1.
4. Overcoming internal barriers to facilitate nimble curriculum change. This last impediment to curriculum change, more prevalent at public institutions than at private schools, is the speed at which curriculum change occurs at the institution. The institutional process, which usually involves making a case for curriculum change to faculty colleagues outside of accounting, takes time to work its way through the approval channels.

Recommendation 5

Improve the ability to attract high-potential, diverse entrants into the profession.

How can accounting best attract students who will successfully meet the future opportunities and challenges of the accounting profession and discipline? Are we competing effectively with the other learned professions for thoughtful, talented, engaged, inquisitive, dedicated, intellectually committed students? This recommendation points to ways that perceptions of accounting practice, and practices in accounting classrooms, could be transformed to attract those students to the practice and study of accounting.

No profession will experience long-term success without attracting talented individuals into the study and practice of that profession. Accounting has fared favorably compared to other professions in terms of job opportunities and attractiveness, particularly during the recent economic decline (Velshi 2011; Taylor 2010). However, at other times, concerns have been expressed over losing the most talented individuals to other disciplines and majors (e.g., management information systems in the late 1990s and finance in the mid-2000s). During this same time period, Albrecht and Sack (2000) found that a significant percentage of accounting practitioners and educators who responded to their surveys and who had undergraduate degrees in accounting would not get an accounting degree if completing their education over again. This latter result is noteworthy because it reveals some misgivings about careers in accounting among those who are engaged in the practice of accounting or in accounting education.

In addition to the above concerns, anecdotal evidence suggests the study of accounting and career opportunities in accounting are not clearly understood by potential entrants until they actually enroll in accounting programs. At that point, the accounting profession cannot hope to attract those students who have pursued other courses of study. Further, despite many highly publicized attempts to increase the diversity of students studying accounting and entering the accounting profession, the profession continues to suffer from a shortage of talented, diverse entrants (Department of the Treasury 2008). Based on current demographic trends in the United States, this challenge will surely become more difficult in the future. By bringing interested stakeholders together to pool knowledge and resources, there is a much better chance of moving the needle on this challenge.

Objectives	Action Items
5.1 Enhance perceptions of the study of accounting and career opportunities in accounting	<ul style="list-style-type: none"> • Strengthen the knowledge about and identity of the discipline of accounting to reflect the breadth of opportunity, challenging and interesting roles, and service to society • Build on existing high school programs and efforts to enhance accounting curriculum • Develop a high school accounting class that is eligible for Advanced Placement (AP) credit • Map educational and career pathways in accounting • Advance community college accounting paraprofessional programs • Determine when and how students make career choices • Encourage continued and expanded efforts to place role models and mentors in high school accounting or business classes • Encourage continued and expanded efforts to develop shadowing or other employment programs for promising high school students
5.2 Transform the first course in accounting	<ul style="list-style-type: none"> • Build on previous efforts regarding how the first course in accounting is designed and delivered • Utilize technology to provide engaging materials • Develop a library of teaching and learning materials • Incorporate engaging materials that demonstrate the role accountants play in society, questions and problems that need solving, and career opportunities
5.3 Increase student access to master's programs	<ul style="list-style-type: none"> • Build on innovative programs to develop more flexible offerings that would attract nontraditional and non-accounting undergraduate students
5.4 Develop financial aid literacy programs	<ul style="list-style-type: none"> • Develop frequently asked questions (FAQs) or other sources of information to increase awareness • Enlist current accounting students and student organizations to provide assistance to high school students accessing and completing financial aid applications, similar to Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) programs
5.5 Encourage a separate and more focused study of the impediments to better diversity within the profession	<ul style="list-style-type: none"> • Recommend that the current sponsors join with other interested parties and undertake a collaborative and in-depth review of existing efforts to attract and retain underrepresented groups in the accounting profession

Impediments

Impediments to attracting (and keeping) talented individuals into the accounting profession fall into four major categories:

1. The complexity of the financial aid process may hinder first-generation and low-income students from accessing universities (Ratner 2009; Long and Riley 2007; Executive Office of the President 2009). While this impediment is certainly not unique to accounting, prospective students and entrants cannot begin to consider potential careers in accounting if financial need combined with a failure to navigate the financial aid process prevent them from attending an institution of higher learning. This may obviously impact both majority and underrepresented students.
2. For students who do enroll at institutions of higher learning, the additional credit hours required by states for board certification may discourage financially disadvantaged students from pursuing study in accounting (Gonzalez 2011). Similar to the complexity of the financial aid process, the educational costs of the additional course work and the opportunity costs of foregone income may impact both majority and underrepresented students.
3. The first course in accounting can be a tug-of-war between the purposes of introducing the broad role of accounting in business and society and beginning to build technical accounting skills. The Accounting Education Change Commission (1992) dedicated its Position Statement Number Two to advocating for change in the first course: The first course in accounting can significantly benefit those who enter business, government, and other organizations, where decision makers use accounting information. ...All organizations have accountability responsibilities to their constituents, and accounting, properly used, is a powerful tool in creating information to improve the decisions that affect those constituents. ...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.
4. The nature of many fifth-year programs does not lend itself to non-accounting undergraduates pursuing enrollment in those programs. There are some programs that try to facilitate these students (e.g., Rutgers MBA in professional accounting), but the practice is not widespread. The inability to efficiently satisfy business and accounting prerequisite course work often dissuades non-accounting undergraduates from considering these programs as a pathway to the accounting profession. Again, this situation is not particular only to accounting (Churchill 2011).

Recommendation 6

Create mechanisms for collecting, analyzing, and disseminating information about the current and future markets for accounting professionals and accounting faculty.

Rational planning requires accurate and current information about the number of accounting professionals and faculty members employed as well as realistic projections of the future demand for faculty members and accounting professionals. Today, many more opportunities exist to capture, analyze, and utilize data in critical decision making relevant to the future of the accounting profession. This recommendation explores some suggestions to improve the ability of the profession to understand and predict current and future needs for the profession.

Historically, supply and demand data for the profession and salary history across career tracks was not systematically collected, was difficult to obtain, and only addressed a portion of the overall profession of accounting. Recent advances in both the coverage and accessibility of national data on current employment and the ability to link these data to higher-education databases makes it easier to gather this data today. To further leverage these advances, a mechanism needs to be established that can gather data on future demand in terms of the numbers of accounting professionals, their role in the profession, the faculty that will be needed to educate these professionals, and the skill sets that these accounting professionals will need to perform effectively.

Objectives	Action Items
6.1 Establish a national committee on information needs	<ul style="list-style-type: none"> Form a broad-based stakeholder committee, consistent with Pathways recommendation 7, to enable the information collection, analysis, and dissemination necessary to support the other recommendations
6.2 Project future supply, demand, and competencies for accounting professionals	<ul style="list-style-type: none"> Conduct biannual surveys through Financial Executives International (FEI), the AICPA, universities, and other organizations that capture demographic information on the supply of accounting graduates, current and future hiring needs, and desired competencies of both current and future hires
6.3 Project future supply and demand for all accounting faculty in higher education	<ul style="list-style-type: none"> Conduct biannual surveys to determine the future demand for accounting faculty, using the detailed database that is being developed by the AAA
6.4 Enhance the benefits of high school accounting education	<ul style="list-style-type: none"> Develop a database of high school accounting faculty

Impediments

This recommendation will need a coordinated and ongoing effort across the various stakeholder groups and sufficient funding.

Thus far within this chapter, the Commission has identified six major areas where significant improvements in the varied elements of the accounting education process should be addressed now and for the future. These six areas of recommendation, their objectives, and the action items identified are not the end of the process. Rather these six areas for change represent the foundations for beginning the remainder of the effort that must be undertaken if we are to truly transform this and future efforts to address the role of accounting education into measurable and sustainable outcomes. While many stakeholders have studied these issues in the past and arrived at thoughtful and meaningful recommendations for change, *this time* we need to take the next step. Accordingly, building on these six broad areas of recommended change and the individual actions described thus far in this report, the Pathways Commission now puts forth what may be its most significant recommendation. Described here is the final recommendation in this report—a new pathway for implementation activities that can convert thought into action.

Recommendation 7

Convert thought to action by establishing an implementation process to address these and future recommendations by creating structures and mechanisms to transition accounting change efforts from episodic events to a more continuous, sustainable process.

Thoughtful colleagues from our academic and practice communities have come together numerous times over the years to examine issues and opportunities in accounting education and practice. Their recommendations and initiatives supported periods of renewal and pockets of innovation, but periodic efforts have not successfully created structures to sustain ongoing renewal to support vibrant accounting programs and practice environments. Building that structure is the last Pathways Commission recommendation.

Consider this 80-year-old observation concerning the need to define pathways into the practice and study of accounting:

There is one major problem confronting the accounting profession that will occupy the attention of the administration of the Association [Association of University Instructors in Accounting] this year. The avenues of entry into the practice of accounting are not clearly defined... It seems to me that the time has come for the practitioners and the teachers of accounting to attack this problem with a view to establishing a

relationship that compares with other professions such as law, medicine, and engineering (Stevenson 1931).

More recently, numerous study groups and committees (e.g., Horizons 1967, Bedford 1986, Accounting Education Change Commission (AECC) 1989–1996) have identified reasons why it is challenging for accounting education to keep pace with our increasingly broad and rapidly changing practice environment. These studies have explored both the needs of the practice community and the public it serves and have presented well-considered recommendations for change. Nevertheless, many of the same issues continue to trouble the accounting profession and accounting educators today. Earlier studies explored and recommended innovations and initiatives to renew accounting education and scholarship, but none were able to establish structures to sustain moving recommendations forward on a systemic, continuous, and properly funded basis.

Accounting is not alone in these efforts. In the STEM disciplines (science, technology, engineering, mathematics), *Rising Above the Gathering Storm: Energizing and Employing America for a Brighter Economic Future* (2005, revised in 2010) chronicles the recommendations of the Committee on Prospering in the Global Economy of the 21st Century convened by the National Academies. Their four recommendations focus on actions in K–12 education (“10,000 Teachers, 10 Million Minds”), research (“Sowing the Seeds”), higher education (“Best and Brightest”), and economic policy (“Incentives for Innovation”). That project’s purpose is to foster innovation that serves as the foundation for growing businesses, creating jobs, generating capital, sustaining our economy, and supporting our quality of life.

In their study of law education in the United States and Canada supported by the Carnegie Foundation for the Advancement of Teaching, the authors of *Educating Lawyers: Preparation for the Profession of Law* (Sullivan et al. 2007) recommend revitalizing legal preparation, building on strengths to create an integrated curriculum focusing on three areas: the teaching of legal doctrine and analysis, providing a basis for professional growth (introduction to the practice of lawyering, leading to acting with responsibility for clients), and exploration and assumption of the identity and values fundamental to the purposes of the legal profession. There are many others, including the National League for Nursing’s (2003) call for innovation in nursing education and the history discipline’s debate over emphasizing the centrality of historical research into teaching students how to “do history” rather than focusing on memorization of historical facts (Sipress and Voelker 2009).

Like Porter and McKibbin in their 1988 reexamination of changes in business education since the Pierson and Gordon-Howell reports were issued in 1959, the Pathways Commission reviewed the current state of education in our profession, learned from the recommendations and criticisms of our predecessors, and set forth new and sometimes similar recommendations for changes that will be important to meeting the challenges of the future. Responding to recommendations of the projects that have come before, some substantive innovations have been accomplished by committed individuals in isolated pockets. Still, the world continues to change quickly, and accounting education and practice must continue developing the abilities to lead and change as well to attract and prepare productive members of the next generation of accountants to serve in a broad array of jobs and environments.

Critical Value of Sustained Effort

A central reason that many recommendations from earlier reports have not been adopted more fully is that previous efforts lacked an ongoing mechanism to continue promoting and supporting the implementation of innovation and change. This challenge is not new:

A second gap which appears to exist in the methods being followed is that most of the groups which have worked or are working on piecemeal portions of the problem are study groups and not action groups. In almost every instance, the group concerned has produced a sound document and then either disbanded or merely held itself ready to offer assistance if requested. What is needed is a new look at the problem by an agency capable of rising above the methods and framework currently in use and dedicated to putting the whole problem in focus and to taking action in solving it (Heimbucher 1961).

The work of the AECC serves as another example of the challenge to sustain continued focus on renewal; while a number of projects with promising outcomes were begun, once the project ended, structures to support them were dependent on individual and isolated innovators (Sundem 1999).

The Commission recognizes that change will not be accomplished until there is a supporting structure in place. To address this need, this recommendation deals with establishing an implementation process that brings together education and practice stakeholder groups to encourage further consideration and implementation of the recommendations and suggested actions in this report. Without an agent or agents charged with the responsibility of implementing initiatives focused on continuous renewal, with the resources necessary, the challenges of the future cannot be successfully addressed. The Commission's recommended approach is described in more detail in Chapter 4 of this report.

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Chapter 4: Detailed Action Items

This chapter expands the recommendation discussion from Chapter 3 and provides additional background, support, and specifics regarding each recommendation and related actions for achieving the recommendation as well as the context around the issues that led to the recommendation.

Recommendation I

Build a learned profession for the future by purposeful integration of accounting research, education, and practice for students, accounting practitioners, and educators.

Objective I.1: Integrate professionally oriented faculty more fully into significant aspects of accounting education, programs, and research.

The Commission defines professionally oriented faculty as those whose education was intended primarily to prepare them for careers in business or accounting practice and who enter higher education at a later stage in their careers after gaining significant business or practice experience. These faculty members typically do not hold Ph.D. degrees. Similar to other professions, integrating more professionally oriented faculty into the accounting academy improves the overall engagement with the accounting profession and facilitates sharing information and resources. While many accounting programs have increased their use of professionally oriented faculty, the inclusion of professionally oriented faculty has been ad hoc rather than being integrated into accounting program communities as members of the program faculty.

Full-time tenured and tenure-track faculty academics bring theory and structure to complex accounting issues and help students evaluate practice. Faculty members who spend time in the business and practice workplace return to the classroom and to their research with experiences that add context to the curricula and to the body of accounting knowledge. Students experience both academic and the practical perspectives from the experts in their respective fields. Everyone benefits, including those for whom these students ultimately work.

Action Item I.1.1: Include professionally oriented faculty as full and valued members of the accounting faculty.

The Commission supports the trend to utilize more professionally oriented faculty through integration of professionals into full-time positions with responsibility for a broad range of academic activities, such as curriculum planning, learning assessment, serving on teaching-related committees, and developing teaching materials. There are numerous examples of highly regarded programs that have successfully integrated professionally oriented faculty into their programs (e.g., North Carolina

State University, Georgia State University, University of Tennessee). Their best practices should be captured and promoted to demonstrate to other programs how successful integration can be accomplished.

The Commission recommends that during the implementation phase concerned organizations establish a working group to identify successful integration across all types of programs (e.g., Ph.D.–granting institutions, graduate programs, undergraduate programs, two-year colleges) and summarize the components of these programs. As part of this report, the Commission also recommends developing a questionnaire to gather information on the current extent of the use and integration of professionally oriented faculty, and the analysis of these findings should be distributed widely.

Appendix A presents a model for engaging practitioners in the academy. This model shows actions and related anticipated outcomes for research, teaching, and administration functions at the advisory board, department, and individual faculty levels. Some of the actions are aligned with the implementation actions in this report, and others can be used to further support the objective of ensuring content, teaching methods, and faculty are more closely aligned with the needs and expectations of key beneficiaries and stakeholders.

The AAA and accreditation bodies could identify best practices for integrating professional faculty across all types of programs (such as Ph.D.–granting institutions, graduate programs, undergraduate programs, two-year colleges) and summarize the components of their programs. The Commission also recommends developing a questionnaire to gather information on the employment practices regarding professionally oriented faculty. See Appendix B for a draft of this questionnaire.

Action Item I.1.2: Identify, attract, and develop practitioners to become professionally oriented faculty.

The market for professionally oriented faculty has been geographically segmented, and hiring and training processes have been ad hoc. This effort needs to be systematic in order to identify, recruit, and train professionals who desire to become professionally oriented faculty. As this talent pool resides in the accounting profession, there needs to be a collaborative effort between the accounting profession and academia to identify those individuals interested in teaching at any time in their professional careers, to encourage them to seek those opportunities, and to support them in their transition to academia.

In order to accomplish all of this, the Commission recommends that a working group of accounting professionals from employers throughout the supply chain be formed. This group would work with the AAA to develop a marketing message to explain the benefits of teaching, the skills and attributes that lead to successful teaching, and the various types of opportunities for and pathways to teaching. The message should be delivered in a coordinated national marketing effort consisting of all types of print and technology-based media. Leveraging the working group members, commitments should be obtained from the leaders of major organizations to promote professionally oriented faculty careers within their organizations, including harmonization of the supply and demand for professionals and accounting programs required to implement this recommendation.

There have been recent activities by the AACSB and the AAA to provide training opportunities for practitioners moving into faculty positions, including a recruiting forum at AAA's annual meeting and the AACSB bridge program. These attempts to publicize market mechanisms that lead to quality teaching preparation through specialized training should be further encouraged in order to ensure placement of well-qualified teachers into available faculty positions. Other communication methodologies need to be developed to include the message that a transition to academia can be facilitated at many different stages of a professional career.

Objective 1.2: Focus more academic research on relevant practice issues.

When attending a medical or legal conference, the audience is likely to be composed of working professionals and academics. Both the practice and research programs of medicine and law are enhanced through collaborative interchange in the research arena. Such interaction is vital for a profession to adapt to changing environments and to meet the future needs of society, that is, to fulfill its value proposition. As Robert Kaplan (2011) states in his *Accounting Review* commentary based on his 2010 AAA presidential scholar address (expounding his ideas on what an academic should strive for),

...just embarking on a career as an academic accounting professor, I hope you can contribute by attempting to become the accounting equivalent of an innovative, world-class accounting surgeon, inventor, and thought-leader; someone capable of advancing professional practice, not just evaluating it. I do not want you to become a "JAE" (Just Another Epidemiologist). My vision for the potential in your 40+ year academic career at a professional school is to develop the knowledge, skills, and capabilities to be at the leading edge of practice. You, as an academic, can be more innovative than a consultant or a skilled practitioner. Unlike them, you can draw upon fundamental advances in your own and related disciplines and can integrate theory and generalizable conceptual frameworks with skilled practice. You can become the accounting practice leader, the "go-to" person, to whom others make referrals for answering a difficult accounting or measurement question arising in practice.

In a 1995 *Accounting Horizons* commentary, "Accounting Research: On the Relevance of Research to Practice," James Leisenring and L. Todd Johnson of the Financial Accounting Standards Board (FASB) wrote about a void between the research in top academic journals that emphasize methodological rigor and professional journals that favor businesslike articles. Leisenring and Johnson believe there is an audience for the research that could fill this void: "That audience would like to see those professors get to work on doing the types of analysis that would provide insights relevant to practice. And it would like to see them communicate those insights in articles that would be understandable to practitioners. That would be useful."

This void still exists today. Both producers and consumers will have to participate and contribute to this endeavor. Collaboration among academic researchers and practitioners is not a new idea, but it is not common in currently published research; therefore, opportunities are missed to increase the flow of useful, quality research. Greater collaboration between academic researchers, who are skilled and experienced in conducting and validating research, and professional

practitioners, who have current insights into leading and emerging practices, will help to increase the level of useful, quality research that will help to advance the profession.

Action Item 1.2.1: Establish additional joint research ventures modeled on successful collaborative approaches.

The Commission recommends first studying current successful collaboration approaches, for example, the Research Advisory Board of the Center of Audit Quality (CAQ), in order to build on those successes and learn from their successful collaborations. Because of known past successes, this effort may be led by an entity similar to the CAQ with substantial input and support from the AAA because it has a strong network of existing researchers among its membership. The study should obtain answers to a variety of questions from these collaborations including the following:

- What was the motivation, from both the academic researcher's and the practitioner's perspectives, to participate in collaborative research?
- How was this collaboration perceived by the university and the employer?
- What were the pros and cons of participating in the research?
- How was the deliverable enhanced by the collaboration?
- What are the legal and professional barriers to the profession supporting academic research?

This action item should leverage efforts currently underway between the CAQ, the Auditing Section of the AAA, and Big Four firm representatives to facilitate access to practitioners in support of academic research. This working group has already identified certain barriers to practitioners participating in subject-based academic research and is beginning a process to address each major identified barrier—legal, professional, privacy, security—across multiple platforms. Future areas to be addressed include the following:

- Increased access to data that will enable more relevant research
- Determine delivery mechanisms for applied research that ensures such research can efficiently and effectively reach individuals who value this research
- Improve the acceptability of this applied rigorous research in the assessment of faculty development

Action Item 1.2.2: Widely disseminate practice-relevant research to practitioners.

Academics have access to published research and regularly monitor what is published by fellow academicians. However, because most academic research does not deal with issues germane to the practitioner in public accounting or the accountant in the corporate world, an efficient method of distributing relevant research does not exist. A resource listing of channels for wide dissemination of research (professional and trade associations, industry lists of leading companies that compete in a space, etc.) needs to be accumulated, stored on the AAA Commons website, and made available to higher-education institutions engaged in relevant research activities. Encouraging publications to

require authors to provide a concise explanation of the practice benefits to potentially be derived from a paper will enhance this effort. Such information will help provide a focus for readers outside the academic community. While several ad hoc efforts are underway, a more formal, organized process should be developed across a broad array of academic journals and similar publications.

Action Item 1.2.3: Encourage academic journals to publish research that addresses critical and emerging practice issues.

Top-tier accounting journals have evolved over time to accept mostly quantitative research, trending away from qualitative research. The table below is excerpted from the “Annual Report and Editorial Commentary for *The Accounting Review*” by its editor, Steven J. Kachelmeier (2010), Table 3, Panel B: Submissions and Acceptances by Method, p. 27.

Primary Research Method	Submissions Representing Unique Manuscript Files with Decisions	Percentage of Total Submissions	Acceptances and Conditional Acceptances	Percentage of Total Acceptances
Analytical	42	6.8%	7	11.1%
Empirical-Archival	457	74.3%	40	63.5%
Experimental	86	14.0%	13	20.6%
Field and Case Study	8	1.3%	2	3.2%
Survey	15	2.4%	1	1.6%
Other	7	1.1%	0	0.0%
Total	615	100.0%	63	100.0%

Ninety-five percent of accepted papers employ quantitative research methods, and few papers using field and case studies, surveys, or other methodologies are submitted. It could be that fewer papers are produced using qualitative methods or that authors do not bother sending them to the top-tier journals for publication. Lack of data or access to sites for field studies could also be a source of fewer qualitative articles. However, often papers using qualitative methodologies are more practice-oriented.

Commenting on the lack of innovative research approaches published in accounting journals, Anthony Hopwood (2007), in the published commentary based on his 2006 AAA presidential scholar address notes,

The accounting academic world also seems to attract those of a more cautious predisposition. Certainly, the public is witnessing the effects of some quite strong intellectual biases and prejudices that are consistent with this idea. Keep away from politics, even the political science of standard setting, seems to be one. Sociology is seen by many as being too close to socialism, even though in the United States it would be

possible to argue that the opposite has been the case. The seeming unwillingness to invest in understanding the factors that increase the validity of field studies and qualitative investigations is a further example, particularly when compared with the apparent ease with which the equally complex world of laboratory experimentation is accepted. Yet if these and other similar biases were articulated against gender, race, ethnicity, or sexual orientation, then all hell would break loose. But seemingly it is still all right to have intellectual prejudices. That is most likely right in a free society, but it is less right when its consequences are imposed by some on others.

Even a methodology as widespread as simulation does not find a frequent home in top accounting journals, as noted by Zoe-Vonna Palmrose (2009) in the published commentary based on her 2008 AAA presidential scholar address:

Such computational experimentation includes using agent-based models for explaining how an economy works. To illustrate, such models might help us understand the many different cycles in which economic activities occur and the implications of these various cycles for accounting recognition and measurement within the contours of quarterly and annual reporting. Yet, here again, accounting journals contain few articles using simulation methodology and certainly none to date using consequential modeling to predict economic effects of accounting standards—before their adoption.

Many higher-education institutions are ranked in part based on the volume of academic research published in specified journals and evaluate and tenure individual professors on their respective contributions. Only certain journals are considered acceptable for publishing research, and research has evolved to meet institutional requirements and away from practice-oriented research. If a viable market can be developed to produce and consume such research, then collaboration and dialogue around research would arise naturally. The following steps to accomplish this goal include the following:

- Determine if qualitative methods are taught in accounting Ph.D. programs
- Determine the prevalence of qualitative research in top journals in other business fields to benchmark accounting publication efforts
- Increase access to more robust data that supports practice-oriented research

Action Item 1.2.4: Engage appropriate stakeholders in a robust dialogue aimed at improving the timeliness of publication of accounting research.

Previous action items within this objective have focused on the need to enhance the relevance of accounting academic research and better linking research topics to relevant practice issues. One additional challenge to improving the relevance of academic research to current practice issues is the need for such research to be sufficiently timely so as to have the opportunity to influence practice and to identify emerging issues. In particular during times of volatile economic change, accounting standards and auditing procedures are challenged to keep pace with changing business practices. While more relevant research is certainly needed, sometimes the value of the most

relevant research is minimized, at least with respect to the current issues that might have given rise to the research topic.

The current rigorous peer review and comment process has served academic research well by ultimately producing thoughtful, quality results. However, the current system can significantly extend the time from finalization of a research paper to publication when all who could benefit from the research are able to maximize that opportunity. This will not be an easy undertaking, and there may not be easy solutions. However, a focused and robust dialogue among researchers, editors, and the practice community could help to identify and explore ways to enhance the timeliness of publication of accounting research.

Action Item 1.2.5: Encourage innovation in accounting research.

Building on his AAA Annual Meeting theme, “Seeds of Innovation”, American Accounting Association President Greg Waymire (2011) is appointing a task force focused on implementing ideas emerging from discussions about reinvigorating research in accounting. Motivating the conversation he notes,

“[Anthony] Hopwood and other senior scholars have suggested that accounting scholarship has become stagnant and lacks the spirit of innovation that previously motivated the discipline... First, what causal forces account for this state of affairs? Second, given such forces, what can be done to improve matters? I argue that intellectual stagnancy in accounting scholarship is manifested in (1) excessively derivative research, (2) overemphasis on “career management” among junior scholars, (3) limited scholarly discussion and debate, and (4) too much emphasis on accounting standard setters to define our research and teaching agendas. The causal forces driving the evolution of accounting scholarship over the past quarter century include (1) large real salary increases for assistant professors in accounting, (2) changes in graduate business education that have de-emphasized doctoral education, (3) a relative shift towards financial reporting in accounting research and teaching, and (4) changes in the way research quality is assessed. Changes in accounting scholarship thus have built cumulatively from individual actions that are locally optimal but have been associated with unintended and unforeseeable cumulative consequences for the discipline as a whole.”

Conversations about “seeds of innovation” by the AAA board and council have surfaced ideas to be considered by the new task force that may involve doctoral education, journals, scholarly retreats, engagement with practice, identification of “big issues,” building historical awareness, and a possible white paper on the current state of accounting scholarship. The broad accounting community is invited to participate in that discussion in the AAACommons at <http://seedsofinnovation.org>.

Objective 1.3: Enhance the value of practitioner-educator exchanges.

A robust partnership between the accounting academic community and the accounting practice community is critical to the relevance of accounting education and, ultimately, the accounting profession’s future. Working collaboratively, those who educate students for the

profession and engage in accounting research and those who practice accounting in business, industry, nonprofit organizations, and public accounting have a mutual vested interest in assuring that new entrants into accounting-related careers are well prepared. In turn, bringing more practical experience into accounting education and research enhances the relevance of accounting education for the future. Creating bidirectional links to enable cross-collaboration is the responsibility of both the educational system and those who benefit from or are stakeholders in the output of the educational system. An overview of how this could be accomplished is outlined in Appendix C.

Discussions and interactions among both academic and practitioner members of the Pathways Commission advanced concerns that the current accounting education process is not sufficiently connected to the realities of practice. The business world is ever changing and increasingly complex. For example, while changes in accounting standards may be well understood by academia, the practical ways in which those standards are applied and the judgments required to do so could be enhanced by inclusion of recent experience in practice. There is also a concern that beneficiaries and stakeholders in the accounting profession are not proactive enough in providing access to training opportunities and resources, and most believe there is an ample supply of willing practitioners who are able to collaborate with educators to support teaching. Therefore, we need a mechanism that facilitates the identification of human resources, so educators are aware of who is interested and available.

Action Item 1.3.1: Develop robust faculty-practitioner internship and externship programs.

To accomplish this action item, a plan of cooperation between academe and practice must be developed and maintained. Establishing (or enhancing existing) internship programs whereby qualified and interested educators have an opportunity to work in the practice environment for a meaningful period of time and one that adds value to an organization and establishing (or enhancing existing) externship programs whereby experienced practitioners have an opportunity to spend a meaningful period of time on campus co-instructing classes and interacting with faculty. Flexible opportunities should be available to academically oriented faculty. This will require significant investment of time and effort on both sides of the equation—academe and business practice. Opportunities must be tailored to the specific needs of the accounting faculty that also make a contribution to the level and quality of the business or accounting practice organization. Only through cooperation and mutual benefit between academe and business practice will this result in a win-win outcome.

Action Item 1.3.2: Implement programs to match the needs of and improve connectivity between universities and practitioners.

The learning experience for students can be enhanced with periodic access to practitioners. This includes use of individuals from practice to serve as guest lecturers or mentors to students, to provide practicums on specific topics, and to support student groups. Many of these practices are already somewhat common; however, they are typically facilitated in an ad hoc manner, which may not ensure the right individuals are available at the right time for the right purpose. An infrastructure needs to be developed to ensure that the needs of universities and educators can be matched to the needs and availability of firms and practitioners. Such an infrastructure would include a central database and communication mechanisms to ensure it is continually updated to

reflect the evolving needs of universities and the changing population of qualified educators and practitioners. Such a program would need to be broad enough to provide professionals to any school of any type or size across the country. These opportunities could be promoted through the CAQ, the AICPA, and the AAA. Once developed, the program could be expanded to include other organizations in the accounting supply chain, such as FEI, the Institute of Internal Auditors (IIA), or the Association for Accountants and Financial Professionals in Business (IMA). Professional and trade associations and state societies of CPAs often maintain speakers bureaus and may also be able to be leveraged for this purpose.

Objective 1.4: Integrate accounting research into accounting courses and programs.

Accounting research should be embedded in learning experiences for all accounting students. Undergraduate research opportunities can be part of single courses or larger program and institutional efforts. Demonstrating alternatives, these examples describe a range of approaches to making research a critical part of accounting education.

In 2012, Truman State University will convene its 25th annual university-wide Student Research Conference themed “Celebration of Student Research, Scholarship, and Creative Achievement.” Undergraduate students from all academic disciplines are invited and encouraged to present their scholarly or creative work. Scheduled classes are cancelled on the conference date, and faculty across campus are encouraged to formally integrate the event into their syllabi and assignments.

The American Association of Colleges and Universities (AAC&U) held a 2010 conference titled “Creativity, Inquiry, and Discovery: Undergraduate Research In and Across the Disciplines,” which showcased promising models of undergraduate research. Goals of the program state, “Undergraduate research, as a practice, has a long history within higher education, yet it is also a powerful pedagogy for fostering critical 21st century outcomes...college graduates need to be prepared for contemporary and future career and citizenship challenges and demands by developing competencies in creativity and innovation; problem solving; systems thinking; and civic, social, and personal responsibility. These contemporary outcomes are best developed through opportunities for students to do original, inquiry-based work on significant scholarly and societal questions and problems. Undergraduate research is a catalyst for this kind of inquiry and learning.”

Part of Brigham Young University’s master’s of accountancy program, the Ph.D. prep track is designed to prepare students to enroll in doctoral programs in accounting after finishing their master’s. The program centers around Ph.D.–style seminars designed to help interested students learn about research and academic work as well as course work in math, econometrics, and statistics.

Recommendation 2

Develop mechanisms to meet future demand for faculty by unlocking doctoral education via flexible pedagogies in existing programs and by exploring alternative pathways to terminal degrees that align with institutional missions and accounting education and research goals.

Objective 2.1: Allow flexible content and structure for doctoral programs.

An important ingredient in unlocking accounting doctoral education is to reach agreement on a pedagogical framework that is academically sound, true to the accounting profession's value proposition, and sufficiently flexible to encourage the exploration of the content of accounting doctoral programs (Kinney 2003). Similarly, Robert Kaplan (2011), in the commentary based on his 2010 AAA presidential scholar lecture titled "Accounting Scholarship that Advances Professional Knowledge and Practice," writes,

I am less pessimistic than Schön about whether rigorous research can inform professional practice (witness the important practical significance of the Ohlson accounting-based valuation model and the Black-Merton-Scholes options pricing model), but I concur with the general point that academic scholars spend too much time at the top of Roethlisberger's knowledge tree and too little time performing systematic observation, description, and classification, which are at the foundation of knowledge creation.

Currently, the inflexible characteristics of existing doctoral programs are evidenced by the requirement for full-time study, the length of the programs, research training predominately restricted to quantitative rather than qualitative methods, and the lack of formal teaching preparation offered to doctoral students. Flexibility around any of these issues has been slow to develop (Gill and Hoppe 2009). Thus, applications to traditional doctoral education have been restricted to a narrow set of doctoral candidates. The Commission believes this needs to change.

Action Item 2.1.1: Build on experiences of existing innovative approaches for preparing doctoral students.

Educators need to reach agreement on a pedagogical framework that is academically sound, true to the accounting profession's value proposition, and sufficiently flexible to encourage the exploration of multiple pathways to completion of a doctoral program. In the United States, for example, a recent Carnegie Foundation Initiative examines Ph.D.-granting programs in the fields of chemistry, education, English, history, mathematics, and neuroscience (Walker et al. 2008). Among the forward-looking observations noted were calls for thoughtful experimentation to create ethically and professionally sound graduate education, replacing the dissertation with a number of shorter projects across a wider number of topics, and including better preparation for roles as teachers.

A study by the Woodrow Wilson National Fellowship Foundation (2011) identified 41 innovations in doctoral practices from a five-year study of major U.S. research universities. Several

general guiding principles that would strengthen doctoral practices emerged from this work, including 1) having strong graduate schools and graduate deans with real budgets and real scope—a stronger administrative structure than typically exists at present—and 2) doctorates are committed to continuing interchange with the worlds beyond academia. To become more relevant and garner more support, the doctorate must open to the world and engage social challenges more generously. Finally, the Commission on the Future of Graduate Education in the United States released a report that focused on broad trends that impact participation in graduate education, calling for a reconsideration of traditional time-to-degree expectations and career pathway opportunities (Wendler et al. 2010).

Existing accreditation standards already permit both innovation and multiple pathways for accounting doctoral education. For example, AACSB Standard 21 identifies the following six components that normally would be included in doctoral education:

1. The acquisition of advanced knowledge in areas of specialization
2. The development of advanced theoretical or practical research skills for the areas of specialization
3. Explicit attention to the role of the specialization areas in managerial and organizational contexts
4. Preparation for teaching responsibilities in higher education (for those students who expect to enter teaching careers)
5. Dissertation, or equivalent, demonstrating personal integration of and original intellectual contribution to a field of knowledge
6. Other areas as identified by the school

However, accreditation standards need to be broadened to both accept and encourage experimentation in doctoral education in accounting.

Finally, various initiatives have attempted to address the shortage of doctorally qualified accounting faculty and have been aimed at increasing the accessibility of doctoral accounting education to a broader pool of potential doctoral candidates. First, the KPMG Foundation–initiated Ph.D. project has been successful in identifying and attracting nearly 1,000 underrepresented minority professionals to doctoral programs in business, many to accounting. Second, the AICPA Foundation’s Accounting Doctoral Scholarship Program is committed to financially assisting 120 accounting practitioners in pursuing doctoral accounting education. Finally, the AACSB’s Bridge to Business one-year program assists faculty with nonbusiness doctorates in becoming academically qualified by AACSB standards to join business faculties, including accounting faculties. However, these three promising initiatives will not be sufficient to address the doctoral shortage, and only by allowing flexible content for doctoral programs can academia better address this shortage.

Objective 2.2: Develop multiple pathways to terminal degrees in accounting.

In order to advance innovation and experimentation in terminal-degree preparation for accounting educators, intentional, systematic efforts to adapt and integrate promising innovative practices into advanced graduate education should be undertaken. There is an opportunity to create different pathways to obtaining terminal degrees that are responsive to broader market forces and tap into the emerging momentum for change. Such a framework should encourage experimentation and innovation within traditional high-quality doctoral programs and permit development of what might be termed professional or executive terminal degree programs (prof/exec doctorates) that can reduce the opportunity costs for mid-career professionals and executives and leverage their specialized technical knowledge and professional skill sets and can infuse accounting programs and classes with new energy, perspectives, and practice experience.

Gill and Hoppe (2009) suggest the “business professional doctorate should be viewed as an essential part of the broader research ecology, rather than as a weak substitute for the disciplinary Ph.D.” An appropriately broad and flexible framework built on sound pedagogy must be adopted to truly legitimize and foster multiple pathways to doctoral degrees.

A severe shortage of doctorally qualified accounting faculty exists, resulting from multiple underlying causes. Innovation in advanced graduate study in accounting, including the expansion of prof/exec terminal-degree programs, will help to alleviate this shortage while, at the same time, attracting talented individuals from a broader set of backgrounds into accounting education and sharing responsibilities that allow research-focused faculty time to pursue their work.

Strong economic and market forces already are at work, which provide economic incentive for the implementation of this recommendation. The economic logic of traditional doctoral programs is difficult to rationalize from the perspective of the university (Trapnell et al. 2009) or from the perspective of the doctoral student (Plumlee et al. 2006; Gary, Denison, and Bouillon 2011). Traditional accounting doctoral programs are costly, and the real costs plus opportunity costs to doctoral students are significant disincentives if not prohibitive barriers. Moreover, in an era of tightening university and program budgets, accounting faculty shortages, and technology-leveraging opportunities, the underlying economics need to be carefully considered in the structuring of accounting doctoral education. Whatever actions are taken to expand advanced graduate-degree programs must not be done at a cost of reduced quality and/or reduced emphasis on accounting research.

The time required to complete a Ph.D. is problematic. While many programs have historically indicated that the projected time to completion is four years, anecdotal evidence suggests the average is longer. Increasingly, Ph.D. students and their faculty mentors are finding that to be placed at their desired institutions, Ph.D. graduates must have developed a research and publication record before entering the job market. While this has certain placement and other benefits, in many instances, it extends the time of completion to five or more years. This, in turn, increases the opportunity cost of earning a Ph.D. and is a discouragement for some people to pursue the degree.

A related issue is a residency stipulation that requires Ph.D. students to spend a minimum prescribed length of time on campus. While stated residency requirements are usually short (e.g.,

one year), in fact, the expectation of most Ph.D. programs is that students will be physically at the campus for the duration of the Ph.D. program. Students are encouraged to remain on campus to completion and not leave the campus “all but dissertation” (ABD), primarily because of the impact that the physical separation has on the time to completion. Also, if a Ph.D. student joins a faculty ABD and then takes a period of time to complete his or her degree, the time from completion to when the faculty member is considered for tenure is reduced. This, in turn, reduces the probability of successful achievement of tenure, forcing a physical move to another university.

The time to complete and residency requirements combine to make a decision to pursue a Ph.D. in accounting a very significant personal and family decision. Often this decision is being made by the prospective Ph.D. candidate at a time when the probability of professional advancement is at its highest and family financial and other responsibilities are on the rise. To leave the stability of one’s current employment, which may involve foregoing significant leadership and income opportunities, and enter an academic program that realistically is five years, followed by joining a university faculty at the bottom rung on the academic ladder discourages many from making the transition.

The development and acceptance of prof/exec terminal-degree programs will also have an impact on accreditation organizations. As the number of prof/exec terminal-degree programs grows, which it appears it will, accreditation organizations are going to have to consider and decide how these doctorates will be evaluated in the accreditation process. This situation is already an issue with some faculty who hold doctorates from outside the United States, which are not primarily research-based Ph.D.s. The spread of prof/exec doctorates will become an issue as these programs grow within the United States. Therefore, it will be necessary to work with accreditation organizations in developing alternative doctorate programs.

Related to this issue is whether academically oriented and practice-oriented expectations should be different for schools with different types of programs (i.e., undergraduate only, undergraduate plus master’s, doctoral-granting). For example, one could make a case that academically oriented faculty should be more dominant for graduate, particularly doctoral-granting, schools but not as much for undergraduate-only programs. In fact, those with prof/exec doctorates may be more highly qualified than those with Ph.D.s for schools whose mission is to prepare students for practice.

The AACSB recognizes these differences in staffing based on type of program but still requires a minimum level of academically qualified faculty for all AACSB-accredited programs. In Pathways Commission discussions, it was noted that the standards are flexible in this area, depending on the mission of the school and other factors. However, because the numerical benchmarks are only included in the interpretive guidance and not the standards themselves, this may contribute to confusion at some schools as to the degree of flexibility that is actually available. Additional clarity around the question of flexibility by the AACSB would be helpful to schools that might want to consider an increased level of prof/exec doctorates as an alternative.

Based on implementation and interpretation commentary in the AACSB’s unpublished research (Association to Advance Collegiate Schools of Business n.d.) on several prof/exec doctoral programs already operating in the United States (i.e., Oklahoma State University, Georgia State University, Kennesaw State University, Case Western Reserve University, Bentley College), the

following observations are indicative of the possibilities for innovation and multiple pathways in doctoral education:

- Discipline-focused courses may comprise a substantial portion of doctoral course work.
- Advanced knowledge in areas of specialization can be presumed to have been acquired through master's level education and/or practical experience.
- Development of advanced research skills for areas of specialization may be either of a theoretical or practical nature.
- The dissertation/research component may consist of applied research focused on questions relevant to professional practice.
- Research competence may be demonstrated with several smaller projects or papers in lieu of a dissertation.
- For doctoral students expecting to enter teaching careers, the program should provide a solid preparation, including knowledge about learning, assessment, course and curriculum design, and educational technologies.
- International exposure and/or collaborations may be developed.
- The residency requirement may be fulfilled by several short-term campus engagements rather than one continuous, multiyear experience that requires a permanent relocation and termination of previous work engagement.
- Distance education components may be incorporated.

Action Item 2.2.1: Build on the experiences of existing professional, part-time, and executive doctoral programs.

Development and implementation of a broad and flexible framework should be advanced to provide for multiple pathways to obtaining accounting doctoral degrees. Such a framework should encourage experimentation and innovation within traditional, high-quality doctoral programs and permit development of what might be termed “professional” or “executive” doctoral programs that can reduce the opportunity costs for mid-career professionals and executives and leverage their specialized technical knowledge and professional skill sets.

Recommendation 3

Reform accounting education so that teaching is respected and rewarded as a critical component in achieving each institution’s mission.

Objective 3.1: Increase reward, recognition, and support for high-quality teaching.

Without balance in recognizing faculty contributions in teaching and research the academy will not be able to effectively meet the challenges and opportunities of the future—in higher education or the accounting profession. Teaching must be rewarded as a key ingredient in the purpose, mission, and vision of higher education.

The limited success of prior calls for change in accounting education related to the importance of teaching, whether in the breadth of change or the sustainability of the change, may be a result of the lack of value placed on teaching at the university level. Meaningful innovation, whether in an overall curriculum or in a single course, requires the time and commitment of faculty who are recognized and rewarded for contributing in vital ways to their program’s purpose. While the widely held long-term goal of education is to create a university setting that includes a healthy balance between the value and resources devoted to teaching and to research, the Commission views the current state of higher education lacks an appropriate balance.

Establishing the value of teaching requires a transformational shift in the way universities and faculty perceive teaching and the ways many widely subscribed accounting and business program ratings are determined. As one example, the AAA/Deloitte Foundation/J. Michael Cook Doctoral Consortium held annually, as well as most other accounting consortiums, primarily focus on building research perspectives and skills. While events for doctoral students and new faculty often include inspirational presentations by gifted accounting faculty, they do not focus in the same ways on the specifics of excellent teaching or the critical connections between education and research, practice and education, and research and practice.

This may be because of the ever-expanding body of knowledge and skills needed to be successful as a university researcher, but it is also because the current tenure and promotion system places a high value on research in both the reward structure and in the consequences—not receiving tenure—if a professor’s research is deemed inadequate. Until excellence in teaching comes closer to parity in the university culture with research, as evidenced by changes in the reward system, the promotion and tenure system, and the allocation of time and resources to the art and science of teaching, institutions will struggle to offer relevant accounting curricula and excellent learning experiences. The need for a dedicated focus on continuous improvement in all aspects of the education process (curriculum, assessment, graduates’ success, etc.) is critical to creating professionals and scholars who will contribute successfully in the global economy.

Creating and evaluating meaningful research contributions in the academy is accomplished through a complex and well-established peer-review process—a corresponding process is needed for teaching. Accounting researchers worldwide contribute to this process as authors, reviewers, editorial board members, editors, presenters, discussants, and moderators as part of journals,

meetings, conferences, seminars, and advisory groups. It is an expectation of scholars that resources in time, energy, travel, data sources, etc. be contributed to providing the peer review necessary to bringing meaningful high-quality research to fruition to serve society. This same kind of expectation and support is needed for recognizing high-quality, meaningful approaches to creating effective learning environments and experiences. As one example, to recognize excellence in teaching the first course in accounting and in upper-division courses respectively, the AICPA initiated the Bea Sanders Innovation in Teaching Award and the George Krull/Grant Thornton Innovation in Junior- and Senior-Level Teaching Award. These awards are made to teachers presenting their work at the AAA Annual Meeting's Effective Learning Strategies Forum. Evaluations are based on a peer-review process applied by a committee of faculty and practitioners using an established rubric developed to match the purposes of these awards that focus on contributions to teaching.

Another model that could prove useful in developing peer-review processes for teaching is the "teaching portfolio" approach (Seldin 2010). Beginning with a self-assessment process that includes 1) a compact, thoughtful statement of the faculty member's intentions, aspirations, and accomplishments in teaching; 2) evidence/artifacts and results of efforts to create effective learning experiences; and 3) reflections on those results, the teaching portfolio provides a context for and evidence related to a faculty member's teaching responsibilities. Not surprisingly, the underlying process is similar to addressing a research question: articulating the purpose of the study, collecting evidence/data, and reflecting on the meaning of the results. The next step in making the portfolio part of any review process is development of criteria for peer review.

According to Peter Seldin who developed the approach (1997), benefits of using teaching portfolios are that the process 1) challenges departments and promotion/tenure committees to develop richer, more sophisticated, more complex evaluation methods and criteria; 2) puts more control of the evaluation process into the hands of individual teachers; 3) requires teachers to take responsibility for documenting their teaching accomplishments; and 4) requires teachers to reflect on the quality of their teaching and on the steps they have taken to improve as instructors.

This recommendation is not a critique of accounting research; rather, it is a call to find tangible ways to rebalance expectations and rewards for faculty fulfilling roles critical to creating value in teaching students, conducting research, and engaging practice. It is not a question of making a choice between teaching and research but of finding meaningful ways to recognize and reward teaching on par with research. The Commission echoes the authors of *Rising Above the Gathering Storm* (2007) with the perspective that research "has the potential to be transformational to maintain the flow of new ideas that fuel the economy, provide security, and enhance the quality of life."

Action Item 3.1.1: Provide monetary teaching incentives through fundraising or other external development efforts to achieve comparability with research.

The Commission recommends more rewards be brought to the role of teaching by raising money to incentivize excellent teaching. Awarding more endowed chairs based on excellence and innovation in teaching would be one way to confirm the value of teaching. Also, consideration should be given to developing more faculty endowments focused on excellence in teaching.

Action Item 3.1.2: Develop a reward and support structure for teaching comparable to that of research with peer-review processes similar to those used to evaluate research.

The Commission recommends building reward and support structures for teaching to make them comparable to the resources and structures dedicated to research. Comparable travel funds need to be provided, so faculty can attend conferences that focus on enhancing student learning and assessment and other seminars that are focused on pedagogy and the scholarship of teaching. Institutions should establish summer teaching grants for faculty to develop new material (i.e., cases, assignments) for their courses. These grants could also be used to integrate technology into curricula and courses and/or to learn new technologies for enhancing student learning (e.g., Camtasia, podcasts).

Objective 3.2: Better connect faculty annual review, promotion, and tenure processes to the quality of teaching.

The Commission recommends annual reviews of faculty consider evidence of continuous improvement in the science and art of teaching rather than the current, wholly inadequate focus on using only teaching evaluations.

Action Item 3.2.1: Document teaching portfolios and evaluate them as part of the annual review process with peer-review processes similar to those used to evaluate research.

Echoing the Accounting Education Change Commission (1993), the Commission believes institutions should be encouraged to use teaching portfolios as part of the annual review process. In doing so, this would clearly place teaching at the center of the university mission, thereby establishing the use of teaching portfolios as a best practice for faculty retention, tenure, and promotion.

A teaching portfolio typically contains material from oneself, peers, and students, integrated to support the faculty member's narrative describing his or her work in teaching. It also contains artifacts or products of teaching and learning as evidence of teaching efforts and accomplishments.

According to its originator Peter Seldin (2010), the teaching portfolio is a factual description of teaching strengths and accomplishments. It includes documents and materials which collectively suggest the scope and quality of teaching performance. It is to teaching what lists of publications, grants, and honors are to research and scholarship. It is not an exhaustive compilation of all of the documents and materials that bear on teaching performance. Instead, it presents selected information on teaching activities and solid evidence of their effectiveness. Just as statements in a curriculum vitae should be supported by convincing evidence (such as published articles or invitations to present a paper at an academic conference), so claims in the teaching portfolio should be supported by firm empirical evidence.

Examples of artifacts or products of teaching could include syllabi, slides or videos from class lectures, podcasts, class assignments, exams, examples of feedback given on student assignments, and student course feedback (including student evaluations). An example of how other faculty and/or department chairs would evaluate this portfolio is provided in appendix D of this document.

Another example of developing peer-review processes and international recognition for excellence in teaching and creating curriculum and learning materials is the Conference on Teaching and Learning in Accounting (CTLA) held each year by the American Accounting Association as part of its annual meeting. Several opportunities exist for submitting to the CTLA for peer-reviewed acceptance to the program. Peer-reviewed education sessions are also on the annual meeting program with review provided by members of the AAA's Teaching Learning and Curriculum (TLC) section.

Action Item 3.2.2: Incorporate teaching portfolios as part of the tenure external review process.

In addition to incorporating teaching portfolios as part of faculty development and annual review processes, these elements should become integral components in the promotion and tenure process, which should include a review or recommendation process focused on each candidate's teaching. Just as letters are often provided from outside reviewers to support a candidate's research record, a similar mechanism could be created to help evaluate a candidate's teaching portfolio.

Objective 3.3: Improve how universities value the importance of teaching.

As the old saying goes, "What gets measured, gets done." Therefore, as external rankings and research awards and grants have visibly driven the behavior of graduate and undergraduate programs, the Commission recommends a similar focus be brought to bear on teaching. By shining a light on institutions that focus on and excel in teaching, the Commission believes institutions will view teaching favorably, providing balance to similar processes for research comparisons. Accounting programs from institutions whose missions focus primarily on teaching will be important partners and leaders in this effort, bringing experience and best practices in recognizing and rewarding teaching.

Action Item 3.3.1: Establish national teaching awards and school teaching ratings.

The Commission recommends establishing national teaching awards to recognize and reward outstanding teachers. To ensure the longevity of these rewards, corporate partners should be recruited to provide monetary support for the awards. In addition, recipients of the awards should be highly publicized, bringing recognition to both the faculty member and the institution.

Finally, institutions can confirm the value of teaching by becoming a partner and/or sponsor of national teaching conferences, such as those offered by the International Lilly Conferences on College Teaching and the American Association of Colleges and Universities conferences on teaching and assessment, and funding faculty travel to these and/or other prestigious teaching conferences.

Action Item 3.3.2: Establish a national center for accounting education excellence.

One way to better assess and reward teaching excellence would include establishing a national center for accounting education excellence within the AAA. The focus of the assessment would be a collective analysis of what an institution's program accomplishes, not a comparison or assessment of individual teachers. The assessment would look at goals across the accounting curriculum. An

example of a similar initiative is the IDEA Center associated with Kansas State University that aggregates data about teaching across programs. The Commission also recommends the AAA continue making key educational aspects of the association (e.g., the Teaching Learning and Curriculum and Two-Year College sections, the Conference on Teaching and Learning in Accounting, the AAA Education Committee, and key teaching- and learning-focused elements of its annual meeting) a core component of its focus and activities.

Recommendation 4

Develop curriculum models, engaging learning resources, and mechanisms for easily sharing them as well as enhancing faculty development opportunities in support of sustaining a robust curriculum.

Objective 4.1: Engage the accounting community to define the body of knowledge that is the foundation for accounting’s curricula of the future.

Accounting courses are the gateway to a business or accounting career. Accounting curricula and pedagogies can inspire students along their educational pathway to the accounting profession or to becoming informed accounting-information consumers. How and what students learn in our accounting programs and the manner in which they are taught have a profound impact on the kinds of talents, skills, and knowledge new professionals bring to the practice and study of accounting.

As a dynamic discipline and a profession in a rapidly shifting environment, accounting practice is ever growing and changing—uncovering new questions and opportunities and facing new challenges. During the Pathways Commission public meeting in February of 2011, Mark Nittler, vice president of Workday, shared this table as an illustration of the expansive ways technology is changing nearly every aspect of practice as it integrates accounting into the larger context of business information:

The GAAP Gap

Principle	Financial Accounting	Business Information
Continuity	Going Concern	Dynamic Entities
Measurement	Original Cost	Statistics
Time	Periodic	“Accordion” Time
Recognition	Matching	Relevance
Audience	External Stakeholders	Internal Decision Makers
Perspective	Historical	Current/Predictive

Principle	Financial Accounting	Business Information
Representation	Snapshot	Process
Classification	Chart of Accounts	Product, Project, Business Unit...
Mission	GAAP Compliance	Plan, Control, Evaluate

As Nittler pointed out in this presentation, businesses are processes, not buckets of accounting information. If the accounting community continues to concentrate on the financial accounting system and not understanding the technology and dynamic business processes that run companies of the 21st century, the accounting profession has the potential to become obsolete. While this may be a bit strong, the point was made loud and clear: Our students and faculty need to adapt to the speed of change of technology and business practices.

Action Item 4.1.1: Convene a task force, led by educators and including broad representation across disciplinary areas and practice, to engage the community in defining the accounting body of knowledge.

The accounting community must come together to develop a shared vision for a body of knowledge for accounting to meet these changes and more by creating multiple effective curriculum models to fit into our varied educational institutions and missions. Academics must work together to build on previous and current innovation efforts to create the curricula of the future based on a shared commitment to a body of knowledge for accounting with competencies mapped to an array of learning experiences that include signature pedagogies in undergraduate and advanced-degree programs. The Commission believes the time is right to bring together a broad stakeholder group to accomplish this task as a part of the Pathways implementation process outlined in recommendation 7.

Action Item 4.1.2: Define and develop a signature pedagogy, or suite of pedagogies, that will support the learning approaches of a globally diverse student body.

Other professional disciplines are also studying how best to meet opportunities and challenges in their fields of study and practice. Law, medicine, engineering, nursing, and the clergy are engaged in similar pursuits, and in partnership with the Carnegie Foundation for the Advancement of Teaching, participated in comparative studies of their professional preparation programs in a decade-long project called the Preparation for the Professions Program. The project sought to “compare across professions the approaches to teaching and learning that these institutions use to ensure the development of professional understanding, skills, and integrity” (Sullivan 2008).

The premise underlying this comparative field study of the educational preparation associated with five professions—law, medicine, engineering, nursing, and the clergy—was that educational preparation for professional work is essentially formative, extending beyond cognitive development and the acquisition of technical knowledge and skills to include the development in students of a deep understanding of a profession’s overarching purposes and standards as well as a sense of professional identity with these purposes and standards at its core (Colby and Sullivan 2008; Gardner and Shulman 2005; Sullivan 2008; Wilkerson 2010).

Professional education is formative in that there is a desire for students “to undergo a certain kind of formation of character and values, so they become a kind of person to whom we are prepared to entrust the responsibilities of our health system, of our education system, of our souls, and of the kind of justice we expect to see pursued in this society” (Shulman 2005):

Professional education is a synthesis of three apprenticeships—a cognitive apprenticeship wherein one learns to think like a professional, a practical apprenticeship where one learns to perform like a professional, and a moral apprenticeship where one learns to think and act in a responsible and ethical manner that integrates across all three domains.

Authors of the Carnegie project suggest that in professional practice it is not enough just to understand your area of study; you must know it in order to act and decide to act based on the values and principles of the profession to serve. Further, these kinds of complex decisions must often be made in conditions of uncertainty. These are the situations the accounting curriculum must be designed to prepare students to meet.

A finding emerging from the Carnegie field studies is that professional education programs typically employ signature pedagogies: “mode[s] of teaching that [have] become inextricably identified with preparing people for a particular profession” (Shulman 2005). In medicine, this mode is clinical rounds; in law, the case dialogue; and in engineering, the design lab. Although each discipline’s signature pedagogy is unique, they share a number of features:

- They are pervasive within and across institutions—typically found throughout the curriculum and found at most, if not all, institutions. In law schools, for example, first-year classes are very similar across institutions.
- Approaches are habitual and routine—they occur most days, if not many times each day. For example, in medicine, clinical rounds happen every day of the week. These routines allow students to understand and engage in the process, freeing them up to focus on increasingly complex subject matter. These routines have their own purposes, developing particular modes of thinking, acting, and essential values.
- They deeply engage students, holding them accountable to their faculty and each other and make learning and thinking visible. Usually, there is public performance of thinking and action with expectations that students build on peers’ observations and comments, contributing to the dialogue. This leads to high levels of preparation and learning as well as opportunities for assessment of progress. In clinical rounds in medicine, students review cases aloud, outlining their thought processes, building on peers’ and teachers’ points.
- These approaches are characterized by pedagogical inertia—they are generally consistent over time and can be resistant to change.

As educators and the greater accounting community come together to consider and synthesize a shared vision for a body of knowledge for accounting to serve as the foundation for development of curriculum and learning experiences, the potential of a signature pedagogy should be considered. A distinctive approach or collection of such approaches could be designed to engage

students in thinking, performing, and making thoughtful decisions to act as professionals. What would a signature pedagogy in accounting look like? By convening a national task force, comprising educators and committed professional partners from a wide range of disciplinary perspectives, we can build consensus about how to accomplish this goal.

While staying attuned to dynamic market-driven forces in the accounting profession, focusing on inclusion of technology-bred changes and relevant global practices, educators must be vigilant stewards and effective advocates. This challenging context provides a clear opportunity for the accounting academy to, in the words of Colby and Sullivan (2008), serve as a “trustee institution” for the integrity of the accounting profession, sometimes “buffering it from the effects of market forces, which, if left unchecked, can be destructive to its standards, mission, and ultimately its standing as a profession.” We must build a community of study and practice that works together to define and sustain the body of knowledge that serves as the foundation for accounting into the future.

Action Item 4.1.3: Connect the accounting body of knowledge to a map of competencies and related performance levels (e.g., Bloom’s Taxonomy) for alternative accounting career paths.

As part of its work, the Commission reviewed independent competency frameworks from multiple sources, including the International Federation of Accountants (IFAC), the National Association of State Boards of Accountancy (NASBA), the AICPA, the IMA, and the IIA, among others. A complete list is included in “Constructing a Foundational Body of Knowledge Initial Step: Assembling Accounting Competencies.” Research, articles, and certification exam content were also consulted. The information was accumulated, compared, and compiled to serve as a starting point for building a body of knowledge to serve as the foundation for an accounting curriculum. Tables developed from this substantial undertaking are organized into three areas of professional learning: technical knowledge or how accounting professionals perform; professional skills or how accounting professionals think; and integrity, responsibility, and commitment or how accounting professionals make decisions to act.

While these tables are helpful in understanding current thought about professional competencies, their usefulness will be substantially enhanced by being considered within the context of a body of knowledge for accounting. Mapping a competency framework within that context, including targeted goals for performance (e.g., Bloom’s Taxonomy) can then be related to alternative career trajectories in accounting. Within that context, the compilation of current competencies can be a resource document for developing a body of knowledge in accounting that looks to the future.

In the course of their careers, individuals who seek one or more accounting certifications or specializations will become subject to certificate requirements, which may include the licensing and educational rules of their individual state or jurisdiction. The preparation of individuals for the variety of accounting certificates and licensures available differs across the country and throughout the world. The same is true for students who might seek graduate education, including the doctorate, whose educational experiences in different programs provide different levels of preparation in aspects of the field. An established body of knowledge in accounting, mapped to competencies and experience levels for a variety of educational and professional career paths

would mitigate complexity as careers develop over time. These approaches may also facilitate a measure of consistency in the undergraduate educational experience of accounting professionals across the country and the world. Different accounting career pathways require different perspectives and capabilities, making customizing the education process, especially at the graduate level, result in more capable accountants who are better prepared.

The next step is to devise a process during the implementation stage that engages the broad accounting community in maintaining and curating the body of knowledge and the related competency framework. Without that continuity, the benefits of these efforts may be lost. Access to this foundation and framework will help educators, practitioners, regulators, and students understand expectations and have a comprehensive sense of preparation for and support of a profession in accounting. Success will be measured by adoption of the body of knowledge and related maps across various stakeholder groups. Whether it is the student seeking educational guidance for a specific career path, a group of faculty developing a new program emphasis, a high school counselor seeking resources to share with advisees, or the regulator seeking to protect the public interest, the body of knowledge and related competency maps will provide relevant and timely information.

Action Item 4.1.4: Reach a general consensus on where elements of the accounting body of knowledge inform curriculum models.

Development of competency maps for various career paths is not, by itself, a solution to the complexities of accounting education. With the foundation of an accounting body of knowledge, they will provide a common ground for discussing accounting curriculum and levels of learning (e.g., Bloom's Taxonomy) for programs and courses. Accounting programs can use these resources as a language to describe special elements of their curricula. Success will be measured by the widespread adoption of the body of knowledge and related mapped competencies as organizing elements of curriculum development by accounting programs. These organizing elements will be available to faculty and students as they work together on progress along a continuum from student to emerging professional. The next step is to specify the future competencies and learning levels (e.g., Bloom's Taxonomy) that the accounting curricula can provide students as they progress from the first accounting course to their first job in the profession.

Action Item 4.1.5: Create curriculum models that embed appropriate competencies into curricula for both undergraduate and graduate programs.

The Commission believes a key commitment for every academic accounting program must be maintaining a continuous connection with the broadly defined accounting profession and using that connectivity to keep undergraduate and graduate curricula and pedagogy relevant and dynamic. The next step for both undergraduate and graduate programs is for accounting students to have significant learning experiences across interrelated competencies. At the undergraduate level, this will allow accounting students to begin developing a requisite set of professional skills and a sense of the accounting profession's broad normative purposes and of their own professional identity. It would include strong foundations in business disciplines, such as economics and finance.

While the classroom-learning environment holds an important place as lab, as forum for discourse, as community for discussion, and as point of challenge within the accounting curriculum,

formative education for practice cannot be accomplished exclusively in the traditional classroom setting. The Commission believes a foundational clinical learning experience in which students integrate technical knowledge, professional skills, and understanding of the accounting profession's broad societal purposes and commitments should be required. In order for such foundational clinical experiences to be both substantive learning experiences and substantive practice experiences, they must be jointly developed, implemented, overseen, and assessed by accounting educators and working accountants.

Graduate programs also must require a specialized clinical learning experience. Graduate students planning to enter the accounting profession should have ample opportunity within their programs of study not only to be introduced to specialized professional ways of thinking, performing, and acting as an accountant, but to actually practice higher-level professional competencies and to be assessed or examined on their acquisition and development. A graduate accounting curriculum populated entirely or even primarily by traditional classroom learning is missing key experiences needed for advanced careers in the accounting profession. Accounting educators and working accountants must work in tandem to assure that such specialized clinical experiences are both significant practice experiences on the one hand and significant learning experiences on the other. A clinical experience confined to the traditional academic setting or a traditional practice setting with little thoughtful practice supervision cannot provide the substantive practice experience most likely to stimulate accomplished, highly motivated students.

Embedding broad and specific competencies into both traditional and clinical learning experiences seeks to pervasively change both the curricula and the pedagogies used to prepare students for the accounting profession, so every student preparing for entry either after an undergraduate or a graduate degree possesses a highly developed base of technical knowledge and professional skills along with an understanding of and reverence for the accounting profession's ethical standards and practices and broad societal and economic purposes. Success will ultimately be measured by the extent to which academic accounting programs offer signature learning experiences and implement these curricular and pedagogical competency-based changes into their learning outcomes for undergraduate and graduate programs in accounting.

Action Item 4.1.6: Transform learning experiences to reflect current and emerging technologies and global trends in business.

Technology is used to gather, transform, and analyze data into meaningful information for decision making. Currently, many different accounting and business technologies are used pervasively across decision-making contexts throughout all types of organizations worldwide. Moreover, global sharing of accounting and assurance processes occurs across legal organizations, cultures, and monetary systems. This global sharing incorporates numerous information technologies, such as data visualization, enterprise business services, telecommunication, cloud infrastructures, integrated audit modules, database dashboard metrics, web-based collaborations, extensible business reporting protocols, and international financial reporting standards. Many of these changes are dramatically reshaping the policies and processes of the profession. Yet these changes are usually not reflected in a robust timely fashion in academic accounting programs nor student's internship experiences. This curricular deficit creates a significant risk for accounting program graduates, who, upon employment in a global environment, are expected to effectively

and efficiently utilize and understand technologies and their capabilities, impacts, risks, and opportunities to add value to their organizations.

In today's global context, academic accounting programs need to quickly develop incentives, partnerships, and processes that identify and integrate current and emerging accounting and business information technologies (IT) throughout their academic curricula. The significant gap between academic instruction and professional practice places the profession at tremendous risk of not being able to fulfill our value proposition.

The issue is not just about what individual IT tools are used, but how IT is integrated into courses and across the curriculum. IT can support the integration of real-world business strategy, privacy and security concerns, ethical issues, technology-driven changes in practice, and the cultural complexities of decision making into academic accounting programs. Specifically, more context-rich critical thinking and hands-on problem solving that mimics complex data creation, data sharing, data analysis, data reporting, and data storage between and across organizations in current world practices will better prepare students for the accounting profession. Next steps include the following:

- **Develop High-Context Content for Multiple Applications and Courses.** The profession needs to resolve the privacy, confidentiality, and regulatory issues surrounding the use of rich, multiyear, enterprise-wide data sets for student course work and research projects. If such data sets existed, then faculty, textbook publishers, and others could integrate problems based on these data sets into their learning system products across subjects. An example would be codeveloped (by faculty and professionals) living case resources (rich, multiyear, enterprise-wide data sets) that can be used by multiple accounting courses for very different educational goals. Such technology resources would help students see the interactions between different stakeholders within a business and between business partners. Without such resources, the possible solutions for embedding information technology are more superficial and lack professional realism. Another benefit is that these data sets would also provide access to experiential learning experiences for students and providing faculty who have limited professional experience or who have been removed from practice for a number of years, teaching resources and an opportunity to learn about current practices.
- **Increase IT Collaboration and Research.** Increase collaboration and research between educators and business professionals to advance the knowledge of which types of IT learning experiences will lead to better-prepared accounting professionals.

Action Item 4.1.7: Transform learning experiences to develop a global mind-set for all students.

Our world is becoming increasingly interconnected as more work is performed across time and geographical boundaries. Organizations are becoming more diverse, culturally and ethnically. The Commission believes that one component of the accounting curriculum of the future should focus on the need for students, faculty, and administrators to develop a global mind-set in delivering accounting education. Experimentation in developing international connections has been a focus for many campuses' accounting programs in recent years, and we must find ways both to build knowledge they have developed into accounting's body of knowledge and curricular models. In doing so, we must expand beyond international experiences to more pervasive inclusion of a global

mind-set in students' learning experiences. Preparation for working with colleagues and clients from different cultures, with different points of view, from different industries, with different work and life experiences will be key to students' success as future professionals. As Larry A. Braskamp of Global Perspective Institute, Inc. (2011) writes,

In educating the future generations of citizens...in our pluralistic world today, students now need to develop a global perspective. They need to think and act in terms of living in a world in which they meet, work, and live with others with very different cultural backgrounds, habits, perspectives, customs, religious beliefs, and aspirations. However, a gap still exists between the rhetoric and the reality of preparing students for a global society (Musil 2006). Derek Bok, in *Our Underachieving Colleges* (2006), concludes that our students today receive "very little preparation either as citizens or as professionals for the international challenges that are likely to confront them" (p. 233).

Creating a global perspective on campus is more than fostering student learning and development. It is to permeate the entire campus. Faculty, staff, and students need to address globalization and what it means for them and for society. Globalization denotes a geopolitical world that extends beyond nationalism and nation boundaries. It reflects an interdependence among all nations—the rich and poor and the powerful and powerless are united for a common good. It stresses pluralism and diversity rather than homogeneity, collaboration rather than isolation.

The Commission concurs that a global mind-set must expand to permeate all aspects of higher education. Accomplishing that will require a mix of bringing a global perspectives to campus (e.g., recruiting a diverse student base, student exchanges) and experiencing global perspectives (study abroad, Peace Corps, teaching abroad). A global mind-set should be integrated into the fabric of the entire curriculum, not the focus of a single course. Technology could help facilitate this approach. For example, some faculty are using technology to coordinate collaborative projects between students from affiliated international schools using web-enabled platforms, such as WebEx and Skype. The American Association of Colleges and Universities' (AAC&U) Global Learning Initiatives and Publications offers resources to

"...support colleges and universities in their efforts to create settings that foster students' understanding of the intersection between their lives and global issues and their sense of responsibility as local and global citizens. AAC&U works to increase the capacity of colleges and universities to help all undergraduates understand and engage the diversities and commonalities among the world's peoples, cultures, nations, and regions."

The task force convened to develop accounting's body of knowledge might use existing resources to weave global perspectives through its recommendations and plan for the curriculum of the future.

In the end, our students, our future leaders, will need the ability to lead and serve with people who are different from themselves. With the ultimate goal of producing future leaders for the global economy, as Javidan (2012) writes,

Leaders with a strong stock of Global Mind-set know about cultures and political and economic systems in other countries and understand how their global industry works. They are passionate about diversity and are willing to push themselves. They are comfortable with being uncomfortable in uncomfortable environments. They are also better able to build trusting relationships with people who are different from them by showing respect and empathy and by being good listeners.

Action Item 4.1.8: Craft a first course in accounting that reflects the possibilities and challenges of a vibrant profession.

Building on the recommendation to attract diverse, high-potential entrants into the profession, the Commission believes the body of knowledge for accounting should be foundational with mapped competencies for the first accounting course, wherever it is taught, to establish accounting's value proposition and students' understanding of accounting's larger role—our brand identity. Non-accounting majors may only take one or two accounting courses in their academic pursuits; in those cases, learning outcomes for the first course must include the societal value and purpose of both accounting and accountants as well as the essential financial literacy skills needed to navigate in the world of today and tomorrow. Nonmajors should emerge from the first course with a strong appreciation of the critical role of accounting in business and society; accounting majors should emerge with a keen anticipation of entering a vibrant profession with a critical leadership role in global business, education, and culture. The next crucial step will be specifying the body of knowledge, learning levels, and models for first accounting courses. Expectations for levels of learning (e.g., Bloom's Taxonomy) will differ, depending on school level (i.e., high school, undergraduate, or graduate level) and institutional mission.

Objective 4.2: Implement curricular models for the future.

Recommendation 4.2 will implement the work of the team assembled to address recommendation 4.1 during the implementation efforts. While recommendation 4.1 engages the various accounting constituents to join together to create a knowledge base for accounting connecting to competency maps, recommendation 4.2 lays the groundwork for implementation of the body of knowledge and curricular renewal by developing curricular and pedagogical resources; communicating change rationale to faculty and their departments; piloting and evaluating first course, undergraduate, and graduate models; sharing ideas and resources across educational programs; and communicating with accreditation bodies about these efforts.

Action Item 4.2.1: Develop multimedia resources and processes to facilitate implementation.

Similar to the action items discussed for the first accounting course, new materials and learning experiences are needed to support the implementation of the Commission's recommendations and action items here. The establishment of a peer-reviewed electronic repository of curricular and pedagogical resources and innovations will facilitate change and recognize innovative faculty (also supporting recommendation 3). Because of advances in technology since previous accounting education change efforts, an Internet-based solution will provide searchable access, feedback features, community tools, and the ability to gauge the impact of resources. The online repository should be open to all accounting educators, including members of the AAA, TACTYC, and NBEA.

As a first step to seed the repository with best practices, past winners of the AICPA Bea Sanders Innovation in Teaching Award for the First Course Sequence in Accounting, the George Krull/Grant Thornton Innovation in Junior- and Senior-Level Teaching Award, and the Mark Chain/FSA Innovation in Graduate Teaching Award could be posted along with IMA and Association of Government Accountants (AGA) case competition materials, and a call for submissions could go out to the Conference on Teaching and Learning in Accounting (CTLA) and the Teaching, Learning, and Curriculum section of the AAA, TACTYC, NBEA, and related organizations to obtain, review, and publish materials and methods.

Action Item 4.2.2: Communicate to faculty and their departments the rationale to implement curriculum.

Freidson (2001) writes, “The faculty of the professional school...represents one of the major structural sources for sustaining professionalism.” Accounting educators help to sustain the accounting profession, both through research and teaching activities. Accounting faculty and their departments are essential to transforming students into accounting professionals. The accounting academy transforms students through curricula and pedagogy into graduates possessing a sustained commitment to think, to perform high-quality professional work, and to act positively to shape the accounting profession. The next step is continuing the dialogue between faculty, program leaders, and their departments about this report, how they can be a part of these change efforts, and why their curricular and pedagogical innovations and their impact matter to the future of accounting education and practice.

Action Item 4.2.3: Pilot an undergraduate curriculum, including the first course in accounting, to incorporate a signature pedagogy.

Learning from the good work of current and previous curricula change efforts (see Chapter 8: Historical Context for Changes in Accounting Education) and building on the general consensus reached in recommendation 4.1 on the common body of knowledge and learning levels, the next step is to gather, through pilots, measurable data for the first course and undergraduate accounting programs. Steps include the following:

- Establish open communication and feedback channels for a broadly based accounting community to facilitate requests for pilot proposals, competency and curricula discussions, and the dissemination of best practices.
- Identify a small set of accounting programs and secure commitments from these programs to conduct multiyear pilot implementations of first course and/or undergraduate innovation.
- Develop metrics to be used in evaluating these pilot programs.
- Facilitate communications with and between these accounting programs over the multiyear pilot period.
- Evaluate results of the pilot programs at the end of the multiyear period.

- Develop recommendations based on insights from these pilots to the broader accounting education community, maintaining sensitivity to the idea that one size does not fit all as programs' missions differ widely.

Action Item 4.2.4: Pilot graduate education in areas of professional specialization that hones student talent to meet the ever-changing challenges of the profession, including an appreciation of the role research plays in the profession.

Learning from the good work of current and previous curricular change efforts and building on the general consensus reached in recommendation 4.1 on the accounting body of knowledge and learning levels, the next step is to gather, through pilots, measurable data for graduate accounting programs. Steps include the following:

- Establish open communication and feedback channels for a broadly based graduate education accounting community to facilitate requests for pilot proposals, competency and curricula discussions, and the dissemination of best practices.
- Identify a small set of accounting programs and secure commitments from these programs to conduct multiyear pilot implementations of graduate innovation.
- Develop metrics to be used in evaluating these pilot programs.
- Dialogue with these accounting programs over the multiyear pilot period.
- Facilitate communication with and between these accounting programs over the multiyear pilot period.
- Develop recommendations based on insights from pilots to the broader accounting education community, maintaining sensitivity to the idea that one size does not fit all as programs' missions, especially at the graduate level, differ widely.

Action Item 4.2.5: Engage with Association to Advance Collegiate Schools of Business (AACSB) International and other relevant accreditation bodies throughout the curricular innovation and implementation process, particularly as it relates to the accounting accreditation standards of these groups, to foster understanding and support for accounting curricula and pedagogy changes.

Ongoing dialogue with accrediting bodies is essential to foster understanding of and support for renewal and innovation in these accounting curricula and pedagogy changes. Overcoming curricular inertia or the inability or unwillingness of deans and administrators to support change will be possible if accreditation bodies are involved in the change process. The Commission looks to the various accreditation bodies to craft standards or clarify existing ones to encourage all schools to engage in curricular and pedagogical innovation consistent with their academic missions. The desired outcome is for all faculty, departments, and colleges to engage in meaningful and measurable preparation of future accounting users and future accounting professionals. In doing so, student learning will reflect the accounting profession's technical, ethical, and practice experiences.

Objective 4.3: Develop guiding principles and support for a range of faculty development opportunities through varied career paths and cycles.

Myriad faculty development opportunities involving teaching and research experiences, varying throughout the faculty career cycle, must be available and supported to sustain the vibrant, engaging accounting curriculum envisioned in this report. Innovation and change are difficult, time consuming, and necessary to offering effective, thought-provoking, knowledge-building learning experiences for students. Staying intellectually engaged and current will mean very different things across accounting educators, and common themes will include revitalizing professional knowledge, academic research, and/or pedagogy. This is true for all faculty roles (i.e., tenured, tenure-track, nontenured, academically oriented, practice-oriented). This recommendation seeks to highlight the importance of ongoing development opportunities for all faculty and support for that work across faculty career cycles.

Lifelong learning is critical for all faculty for many reasons, including the following:

- The accounting profession and the environment in which it functions are ever changing. Simply stated, for students to receive the most relevant education in preparing for the accounting profession, faculty delivering those learning experiences need a strong understanding of the current professional environment.
- The educational environment is ever changing. Accounting faculty must continuously prepare for changes in students, pedagogy, and technology and explore teaching approaches that match emerging content and learning outcomes. Without opportunities to gain experience in graduate preparation or other venues, maintaining this agility can be more challenging.
- The mix of faculty (i.e., tenured, tenure-track, nontenured, academically oriented, practice-oriented) teaching across the various types of academic institutions is changing. This change in faculty mix is being driven, in part, by the previously mentioned Ph.D. shortage, ongoing budget pressures, a reduction in tenure-earning positions, and changes in educational delivery systems. The proportion of accounting faculty in tenured positions or on the tenure track in the United States has fallen to below 40%, and thus, the number of accounting faculty not on the traditional tenure track is near 60% (Crosson et al. 2010). Roughly 38% of accounting faculty in the United States teach in two-year colleges, and as many as approximately 40% of accounting students today may receive their first class in accounting at a community college (Crosson et al. 2010). This phenomenon has roots in many variables, including four-year institutions focusing on higher tuitions from graduate programs, expanding numbers of undergraduates seeking entry to certain colleges and universities, changing funding structures for higher education (particularly in state institutions), and students seeking more affordable options to obtaining undergraduate degrees.
- Tenure is ordinarily granted relatively early in one's academic career, and progression to full professor, the highest rank, is also achieved by many at a relatively early age. For example, if one joins a faculty at age 30, he or she will probably earn tenure at about age 36 and may earn the full professor rank at somewhere between 40 and 45. So a successful tenure-track faculty member will be a tenured full professor by the 15th year in his or her career. As careers are extended beyond age 65, a faculty member typically passes all of the major career hurdles in

the first half of his or her career. Availability of relevant, engaging faculty development opportunities are a key component in supporting faculty careers, the last half of which may last as long as 25–30 years.

- Institutions have traditionally allocated more budget monies to support research activities, and what monies are allocated for faculty development in areas of teaching and curriculum, practice currency, and new research areas are usually provided to tenured or tenure-track faculty, often leaving other faculty without institution-provided resources or incentives to participate in faculty-development activities. Many institutions depend on faculty members' outside activities, such as publishing, consulting activities, authoring textbooks, or interaction with regulators or standard setters to remain up to date on current activities and challenges within the profession.
- There is a lack of a framework for what might constitute effective lifelong learning activities, including across different faculty roles and at different points in a faculty member's career.
- Institutional incentives and cultures often do not support a range of faculty development opportunities to match the range of faculty roles and responsibilities.

To achieve this, institutions should provide opportunities and incentives for all faculty to remain current in their respective areas of study and develop new interests and approaches to their teaching and research. While the type and extent of development activities will vary widely across faculty, each college and/or department should make faculty-development expectations part of their cultures and provide resources to meet those expectations, coupled with incentives for promotion, tenure, and compensation.

Action Item 4.3.1: Establish guiding principles for development activities that align with faculty members' roles.

This action item calls for institutions to develop guidelines that address faculty development across career paths and cycles, including incentives to ensure that faculty have appropriate development opportunities and achieve development objectives. Deans and administrators of accounting programs would allocate and balance the lifelong learning opportunities for faculty, so faculty development opportunities can mirror the roles the respective faculty perform in fulfilling the school's mission.

- **Faculty Guidelines.** Faculty backgrounds and experiences cover a broad spectrum; thus appropriate revitalization and learning options will vary, depending on the educational and professional experience each had before joining the academy and the experiences they have had since. To illustrate, while faculty development plans should be individual, there are numerous structures a program might choose. Plans might be summarized into broad, mission-driven categories as academically oriented or practice-oriented or viewed along tenure categories—tenured, tenure-track, and nontenured. As teachers of significant numbers of undergraduate courses, advisors of BAP and other honoraries and activities where students build professional skills, and key developers of educational materials and experiences, nontenured faculty should be part of their program faculty development planning. Faculty development opportunities should be available and encouraged for all faculty, including part-time faculty teaching key courses in the accounting curriculum.

Cognizant of that fact, steps should be taken to assist deans and administrators of accounting programs in acknowledging and managing this portfolio of lifelong learning needs. Below is a sample chart displaying relationships between the example roles and types of lifelong learning needs:

	Pedagogy-Foundation	Pedagogy-Emerging	Technical-Foundation	Technical-Emerging	Professional Skills-Foundation	Professional Skills-Emerging
Tenured		P		P		P
Tenure-track	P	S	P	S	P	S
Nontenured, Academically Oriented	S	P		P	S	P
Nontenured, Practice Oriented	P	S		P		P
Nontenured, Other		P		P		P
Part-time Faculty	P			P		P

Note: P = primary learning need; S = secondary learning need

The representation above is one example highlighting how faculty development opportunities and goals can vary over career paths and cycles. The above chart is just an example and should be tailored to the specific needs of each college or department.

- College and Department Guidelines.** Each institution or department should create guidelines and expectations for lifelong learning for all faculty members. Such expectations should be supported through institution-provided resources and coupled with expectations for promotion, tenure, and compensation, raising awareness of the need to ensure all faculty, no matter their role, be provided the opportunity to participate in lifelong learning activities. This recommendation does not intend to imply a Continuing Professional Education (CPE)-like requirement, nor is it intended to specify a required set of learning activities or topics.
- National Guidelines.** The Commission recommends the Accounting Program Leaders Group (APLG) of the AAA develop national guidelines that would be available to deans and administrators of accounting programs to support the development of accounting program faculty development plans. For example, because many practice-oriented faculty may also need to retain professional certifications, guidelines could be developed to identify options for learning activities that support effective pedagogy and development of effective learning resources. Another example for nontenured faculty might be developing articles on current issues facing the profession or authoring a widely adopted textbook or set of curriculum

materials in the AACCommons. Likewise, for part-time faculty, guidelines could be developed to assist in identifying activities that support their professional responsibilities, such as participation in standard-setting groups, boards of directors, professional committees, or audit committees, which help faculty stay professionally engaged. Similarly, guidelines could support the identification of possible elements for promotion, tenure, and compensation plans and mechanisms to identify and measure key elements that, depending on the role of each faculty member, should be considered in the balance between teaching, research, and service.

Action Item 4.3.2: Influence schools, departments, and accreditation agencies to remove disincentives for faculty development.

Lifelong development should be encouraged and supported by accrediting organizations. The Commission is not suggesting CPE-like requirements for documentation. Rather, it recommends that the various accreditation bodies work together to either adjust existing standards or clarify those standards to encourage and measure how effectively colleges and departments provide opportunities for all faculty, regardless of their role, to participate in lifelong learning activities appropriate to their role. The desired outcome is for all faculty to engage in faculty development supporting lifelong learning that is aligned with their respective roles and mechanisms for determining tenure, promotion, and compensation processes.

Recommendation 5

Improve the ability to attract high-potential, diverse entrants into the profession.

Objective 5.1: Enhance perceptions of the study of accounting and career opportunities in accounting.

Historically, we have experienced an ebb and flow in the interest highly qualified students have in pursuing a career in the accounting profession. During periods of rapid economic growth, talented students are often drawn toward a career in finance or seek to become the next dot-com millionaire under 30. In economic times when fewer attractive alternatives are available, accounting is more favorably viewed as a stable career path, and student enrollments increase. Organizations such as the AICPA have devoted substantial resources to addressing the volatility of demand for the study of accounting and have achieved notable success in the past decade (with projects such as Start Here, Go Places). Still, the challenge has not fully abated, and the messaging and promotions that work for one generation may not be fully transferrable to the next. Accordingly, the profession needs to continuously focus on the challenge of attracting a sufficient number of quality students to study and pursue careers in accounting.

High school students are one potential pool of talented entrants into the accounting profession, and the initial perceptions formed at this stage affect their subsequent interest and likelihood to pursue the study of accounting. Because high school accounting courses traditionally are offered as career and technical course listings and taught by business education teachers, the

courses are perceived to be vocational in nature—not for college-bound students. The existing high school accounting (bookkeeping) class may be necessary for students who plan to go into the workplace right after high school, but an alternative accounting course is needed for college-bound students interested in accounting as a profession. Because students often make decisions about universities based on the strength of various programs offered by those universities, it is critical for the profession to change the perception of accounting at the high school level.

Action Item 5.1.1: Strengthen the knowledge about and identity of the discipline of accounting to reflect the breadth of opportunity, challenging and interesting roles, and service to society.

Just as there are multiple pathways into the study of accounting, there are multiple pathways for the use of that education in an accounting career. Historically, many students with an accounting education opted to begin their careers by seeking employment in an accounting firm, which contributed to large numbers of accounting majors seeking their CPA credential. Later, if they desired to use their accounting education and skills in internal auditing, corporate accounting or finance, government accounting, or education, those pathways were and continue to be viable alternatives. However, as the opportunities to go directly into various fields with an accounting education expand, it will become increasingly important for students and the public to understand the discipline of accounting as the fundamental building block for any of these later career paths that rely upon accounting education and skills.

The profession needs to strengthen accounting's shared identity and societal value and communicate these attributes more effectively. The Commission encourages all the professional accounting groups to add to their own branding and communication efforts a consistent message about the broader accounting profession's value proposition to students and other stakeholders. To do this, there needs to be a building of consensus across the most important national and global accounting organizations and accounting profession thought leaders of the value proposition for the discipline of accounting. As a starting point, one could use the value proposition developed by the Commission.

This message then needs to be incorporated into K–12, college and university, and continuing education curricula, as well as all credentialing accounting programs—that is, those for certified public accountants (CPAs), certified management accountants (CMAs), chartered accountants (CAs), certified internal auditors (CIAs), chartered global management accountants (CGMAs), etc.—and disseminated to all stakeholders using multimedia and established traditional channels, such as government releases (e.g., the *Bureau of Labor Statistics Annual Occupational Outlook Handbook*). Continued studies or surveys should also be done to determine how user groups, students, and the public perceive the accounting discipline as a profession and its societal value to determine if perceptions are changing.

Another obvious way of fostering a broader understanding of the the profession's value is to better inform media sources, so press coverage can point out more positive attributes of the profession. A couple of recent articles on work-life balance and flexible work hours emphasize this point. As Silverman (2011) writes in a recent article in *The Wall Street Journal*, "I usually don't think of accountants as ahead-of-the-curve visionaries. But the accounting industry has led the way in providing work-life balance and flexible schedules for its employees." Greenhouse (2011), in a recent article in *The New York Times*, writes, "Indeed, when it comes to respecting the work-life

balance of employees, the accounting industry far outshines the rest of corporate America, workplace experts say."The profession needs coordinated efforts and approaches to make sure prospective students are seeing these positive messages.

Action Item 5.1.2: Build on existing high school programs and efforts to enhance accounting curriculum.

The following options could improve the perception of accounting careers among high school students:

- **Dual enrollment or postsecondary enrollment option (PSEO):** Currently, Florida, Minnesota, and Ohio offer qualified high school students the opportunity to enroll in college classes, such as the first course in accounting, while still in high school. Dual enrollment or PSEO opportunities enhance the high school education for college-bound students with actual college courses, allowing students precollege career exploration, actual college course experience, and simultaneous high school and college credit. This can serve as both a current and long-term solution.
- **National Academy Foundation (NAF) programs:** In recent years, there has been a growing focus on career academies at the high school level, some of which can be explored on the NAF website, <http://naf.org/naf-academies>. Specifically, these are business and finance academies that stress college and career readiness. The typical business and finance academy offers a project-based learning curriculum that covers banking and credit, financial planning, international finance, securities, insurance, economics, and accounting. Academy courses use current industry standards and practices, and course objectives have been reviewed and validated by industry experts and a panel of outstanding NAF teachers. In many academies, the accounting curriculum has been enhanced with problem-solving and critical-thinking strategies, rather than only focusing on the detailed procedures of accounting. These academies are changing perceptions in high schools, emphasizing that accounting is a professional career. While academies also serve as both a current and long-term solution, getting colleges and universities to accept these high school courses for college credit will be a challenge. This is one of the reasons the creation of an AP course and exam is an option that must be further explored.

Action Item 5.1.3: Develop a high school accounting class that is eligible for Advanced Placement (AP) credit.

Another viable option is a high school accounting class that is eligible for AP credit. AP courses are associated with high-profile professions and held in high esteem by students, parents, and the colleges and universities that give them credit. Approximately two million students each year take AP exams in various courses (Schellenbarger 2011), but currently, AP accounting is not one of the offerings. At the AICPA's Pre-certification Education Executive Committee (PcEEC) meeting on October 31, 2011, Trevor Packer, senior vice president of AP and college readiness for the College Board, indicated in a conference call that the board had surveyed its member body, and one result was that an accounting AP course received very high interest. In addition, Packer outlined the process it would take to establish an AP accounting course (i.e., getting a certain number of member high schools to adopt it, having a champion to get the proposal through the process, and getting a number of universities to accept the course). Once AP courses are adopted by the

College Board, they are usually piloted within one year and online within two years. This would help distinguish accounting as a professional career.

This approach could create access to the largest pool of high-quality students in the United States. Once an AP accounting class is in place, the accounting profession should have an infrastructure in place that will provide long-term and effective access to these students. In the next few years, high school enrollments are expected to decline, resulting in all professions experiencing a dramatic drop in the number of students available to select their professions. Other professions (e.g., statistics, biology, physics, computer science) already have access to the AP supply chain, and in the competition for the best and brightest, those professions will have a competitive advantage over the accounting profession if accounting is not part of the AP curriculum. Significant groundwork has already been laid nationwide to achieve this goal (e.g., Kansas State University's Accounting Pilot and Bridge Project); however, the ongoing work of the implementation commission and other efforts related to transforming the first course in accounting and other curriculum issues should be incorporated into this process.

Action Item 5.1.4: Map educational and career pathways in accounting.

To get beyond current perceptions that careers in accounting are confined to such areas as bookkeeping and auditing, the profession needs to fully portray the various careers and career paths that are available to accounting graduates at every degree level. This should be portrayed as a longitudinal map, beginning with high school, continuing into a collegiate first course in accounting and/or entering an accounting major, then continuing further to receipt of a degree or certification. At each stage, the map should portray the kinds of jobs that students would be prepared for together with the typical salaries they would command. While the data needed to fully prepare such a graphic are incomplete, the portrayal itself would probably prove useful in painting a picture for prospective accounting students of typical educational and career pathways. There have been some initiatives to demonstrate the variability in CPA careers (e.g., AICPA's Start Here, Go Places and This Way to CPA web portals), but a coordinated approach to demonstrate opportunities in the broader accounting profession is needed.

Action Item 5.1.5: Advance community college accounting paraprofessional programs.

Establishing and advancing paraprofessional programs at the community college level will provide further information about various pathways to careers in accounting. In many cases, students select entry to accounting programs at four-year institutions only to assume careers that simply do not require the level of education they have attained. Paraprofessional programs will successfully enable paraprofessionals to efficiently enter the accounting profession, overcome misperceptions about accounting, and communicate the opportunities and challenges of the study and practice of accounting.

Action Item 5.1.6: Determine when and how students make career choices.

Over the years, professional accounting organizations, such as the AICPA, state societies, and individual firms, have concentrated efforts and resources on student recruitment, especially in underserved populations. The outcome of these efforts, measured by student enrollment in accounting bachelor's and master's degree programs, are less than anticipated. The 2003–2004,

2009, and 2011 *Trends in the Supply of Accounting Graduates and the Demand of Public Accounting Recruits* by the AICPA show enrollment data by ethnicity numbers to have been fairly consistent. For example, in the 2009 survey, minorities comprised 26% of bachelor's enrollments and 20% of master's enrollments. The 2011 survey reports a slight percentage decline in minorities: 23.4% for bachelor's enrollments and a slight increase, 21.6%, for master's enrollments.

To help focus professional accounting organization efforts and resources on what works, it appears that more data is needed to determine when and how students make career choices. Data collection and dissemination regarding when and how students make career choices would help focus professional accounting organizations to coordinate efforts and resources on techniques likely to be effective. This data collection should be done in conjunction with the efforts outlined in recommendation 6 of this report.

Action Item 5.1.7: Encourage continued and expanded efforts to place role models and mentors in high school accounting or business classes.

The Commission recommends efforts be continued and expanded to recruit role models and mentors to reach high school students and encourage the study of accounting at the postsecondary level. These individuals can be given responsibility for the following:

- Communicate the importance of delivering high school accounting course content that emphasizes professional accounting with contemporaneous relevance. Work with the NAF to bring relevant course content to high schools (e.g., KPMG Foundation's Accounting Opportunities in Academies of Finance).
- Connect career academies and accounting classes in high schools with diverse populations to academic and professional affinity groups such as Beta Alpha Psi (BAP), the National Association of Black Accountants (NABA), and the Association of Latino Professionals in Finance and Accounting (ALPFA). Use existing networks, such as NAF, to penetrate high school career academies, especially those in high schools with high populations of underrepresented minority students. Work with National Business Education Association (NBEA) teachers, so for high schools without career academies, the profession can identify those that offer an accounting course, business course, or business track.
- Build linkages between college accounting programs and career academies or accounting course teachers (e.g., Tennessee Society of CPAs High School Educators' Symposium, Kansas State University's High School Educators program).
- Build linkages between college accounting programs and career academies or accounting programs with successful accounting summer camps (e.g., Tennessee Society of CPAs Accounting Academy).
- Market to high school students the diverse career opportunities in the accounting profession (e.g., AICPA's This Way to CPA web portal). Continue to market the career salary benefits of becoming an accounting professional (Carnevale, Rose, and Cheah 2011).

Action Item 5.1.8: Encourage continued and expanded efforts to develop shadowing or other employment programs for promising high school students.

As noted in recommendation 5.1, it appears a lack of information and misperceptions about the study of accounting and careers in accounting exist. The lack of information and misperceptions contribute particularly to the challenge the profession and accounting programs have in underserved populations. To overcome this challenge, opportunities for shadowing or other employment programs could be provided to students by organizations employing accounting professionals. Such programs have the further advantage of allowing these students to meet individuals who could serve as mentors as they pursue their studies in accounting or careers in the accounting profession. The academy could pursue programs similar to the American Hotel & Lodging Association job-shadowing program, which partners with a hundred schools around the country (Ricca 2010). Such programs should be particularly beneficial in attracting a more diverse student population.

Objective 5.2: Transform the first course in accounting.

The first course in accounting, wherever it is taught, is also the focus of another section of this report. Inclusion in this recommendation is the goal to recruit high-potential students into the study and practice of accounting, recognizing the very important role this course plays in students' decisions. For business students (whether undeclared majors, majors in accounting, or majors in another discipline), this course serves as perhaps the single most important factor in deciding whether to pursue the study of accounting. Labeling this course as a fork in the road for attracting diverse, high-potential students does not overstate the importance of this course.

For nonbusiness students pursuing a minor or certificate program of study in business, this is likely the only course they will take in accounting and, in many cases, the only true exposure they will have to the accounting profession. However, these courses are often taught in mass sections using a similar pedagogy to that used for business majors but on a less rigorous basis. Because this one course is likely the only exposure these potential entrants will have to accounting, it must go beyond the technical nature of accounting to more completely discuss the role accounting and accountants play in society and the various career opportunities of the profession.

Without a clearly articulated role that is integrated into the larger business and accounting curricula, and without engaging teaching approaches and materials, the first course remains an area to be addressed in effective curricular models (see recommendation 4). In the worst case, it may perpetuate a negative image of our profession and the possibilities within our profession; in the best case, it constitutes a missed opportunity to attract students interested in meaningful and challenging work to accounting. A great deal of academic research has gone into the pedagogy and content of the first course with little consensus achieved as to the best models and approaches. Interest in and concern for this topic is evident in the American Accounting Association's recent call for papers for a special edition of *Issues in Accounting Education* to be devoted to the pedagogy and content of the introductory accounting course (American Accounting Association 2010). And the Accounting Education Change Commission recommended attention to the first course in its Position Statement Number 2 (AECC, 1992):

“...engender accurate perceptions of the broad role of accounting in modern economies and assist students in making well-informed career choices. The breadth of this influence increases the responsibility of every party capable of improving the effectiveness of the first course in accounting.”

The first course in accounting is clearly a critical pathway to attracting students into the study of accounting and the accounting profession. Without a clear role and engaging learning approaches, this course may negatively influence students who are enrolled in a community college and seeking transfer to a four-year institution, enrolled in a business program but undecided as to their major, enrolled in a business program who have selected a major, and enrolled in a nonbusiness curriculum who access the course as part of a minor or certificate.

Action Item 5.2.1: Build on previous efforts regarding how the first course in accounting is designed and delivered.

Historically, the first course in accounting has, especially in high schools, focused on the bookkeeping aspects of accounting, which, although fundamental, are just a small part of being an accountant, especially as the day-to-day activities of an accountant are now more automated, and the need for strategic and critical thinking skills has increased. As the Pathways public meeting (February 26, 2011) testimony made very clear, accounting and accountants have changed, but accounting courses and learning objectives have not been as agile. As noted in the ACAP report, this has been accounting education's ongoing dilemma since at least the 1950s (Department of the Treasury 2008). There have been significant efforts to change the first course in accounting at various institutions (e.g., Project Discovery at the University of Illinois), but mounting a concerted national effort at the high school or university level has been challenging. For the first accounting course to be relevant, it must address two objectives:

- Attract more high-potential students to the accounting profession by introducing them to the numerous career opportunities available and the exciting, dynamic nature of the profession.
- Establish accounting's value proposition and brand identity. As noted above, non-accounting majors may take only one or two accounting courses in their academic pursuits, so learning outcomes for the first course must include the societal value and purpose of accounting and accountants.

To accomplish this, the Commission recommends that during the implementation activities a working group be established to build on prior efforts and provide a concerted effort to enhance the content and delivery mechanisms of the first course in accounting. The course, however taught, should reflect the challenge, excitement, and fulfillment of a professional accounting career and allow the student to gain an appreciation of the importance of accounting to society.

Action Item 5.2.2: Utilize technology to provide engaging materials.

Today's students have always had access to the Internet and personal electronics, resulting in new skills and learning patterns. Yet most first accounting courses still use traditional lecture and demonstration teaching methods. To capture the interest of high-potential students and recruit them into the accounting profession, significant efforts should be undertaken to provide materials

that promote project-based learning and take advantage of technology. Other recommendations for the first accounting course include enhancing the content and transforming the teaching methods. Current teaching resources are lacking in this dimension. New materials are needed that support the changes in content and teaching methods. This material can help students understand the basic bookkeeping elements that serve as the foundation of an accounting education while also conveying the more strategic, dynamic aspects of accounting.

Action Item 5.2.3: Develop a library of teaching and learning materials.

Activities to accomplish this action item include the following:

- Establish an online section of the AAACommons that uses a peer-review process for electronic publication. Ensure that the online section is open to members of the following organizations: the AAA, NBEA, and Teachers of Accounting at Two-Year Colleges (TACTYC).
- Seed the section with materials contributed by past winners of the AICPA's Bea Sanders Innovation in Teaching Award for the First Course Sequence in Accounting and other individuals known for innovative teaching (for example, recipients of AAA's innovation in accounting education awards, AAA section awards, etc.)
- Enlist the help of the Teaching, Learning, and Curriculum section of the AAA, TACTYC, and NBEA to obtain, review, and publish materials.

Action Item 5.2.4: Incorporate engaging materials that demonstrate the role accountants play in society, questions and problems that need solving, and career opportunities.

As a fundamental element, the first course in accounting should provide information to students about the important role accountants play in society as well as information about various careers, what individuals do in those careers, and the potential earnings levels of those careers.

Objective 5.3: Increase student access to master's programs.

The nature of many fifth-year programs developed to satisfy state 150-hour CPA certificate requirements do not lend themselves to non-accounting undergraduates pursuing enrollment in those programs or other nontraditional students. In many cases, students are admitted to these programs during their study as undergraduates at the host institution, making it impractical (if not impossible) for non-accounting undergraduate students to participate. For programs that admit students at later stages in their education, the inability to efficiently satisfy business and accounting prerequisite course work often dissuades non-accounting undergraduates from considering these programs as a pathway to the accounting profession.

While not involving nontraditional students per se, the additional educational requirements associated with accounting education may discourage some students from considering the study of accounting and entry into the accounting profession. As tuition costs continue to rise, the cost of an additional year of study along with the opportunity costs of foregone employment may be prohibitive to students from financially disadvantaged backgrounds. Taken together, the current structure of many accounting programs may impose unnecessary (or undesirable) costs on

financially disadvantaged students, non-accounting business majors, and nonbusiness majors wishing to continue their study before entering the workforce or students with work experience desiring a career change.

Action Item 5.3.1: Build on innovative programs to develop more flexible offerings that would attract nontraditional and non-accounting undergraduate students.

Some institutions are recognizing a market for preparing nontraditional students for eligibility to take the Uniform CPA Examination. For example, Thomas Edison State College provides flexible, high-quality, collegiate learning opportunities for self-directed adults. More specifically, according to the website www.tesc.edu, Thomas Edison offers a CPA and master's track that provides accountants who possess a bachelor's degree but who are not yet certified with an opportunity to earn the extra credits needed to become a CPA and earn a master's degree at the same time. The college can award candidates up to six credits for passing the Uniform CPA exam and enroll them in the master of science in management (MSM) program, where they can earn the remaining 30 credits needed for certification as well as the master's degree. The MSM program focuses on organizational leadership and integrates management theory and practice as they apply to the accounting industry. The CPA and master's track provides an affordable, flexible method to earning the 30 additional credit hours needed to become a CPA and enables candidates to earn a master's degree at the same time.

This program appears to be working. According to Susan Gilbert (2011), nontraditional students at Thomas Edison are excelling at passing the CPA exam. She writes, "We are a degree completion college; students come to us to finish their bachelor's degrees and to take supplemental course hours in order to qualify for CPA certification." According to Gilbert, the reason this program is successful is "We have caring faculty and staff, online tutoring, and hours appropriate for our students' busy lives (who are working professionals), but we do treat our students like responsible and professional adults."

Objective 5.4: Develop financial aid literacy programs.

According to Bettinger, Long, and Oreopoulos (2007), one of the major impediments to increasing college enrollment among low-income students is the lack of information about financial aid. In particular, they note that few families appear to know about the types of aid available, and the federal application process for financial aid is so complex that it may actually impede student access.

In a more recent study, the Advisory Committee on Student Financial Assistance (2010) writes,

"...over time, prices net of total grant aid at 4-year public colleges have risen as a percentage of family income for these students, leading to the following negative effects: 1) large-scale mismatches exist and are growing between the aspirations and qualifications of these high school graduates and where they are able financially to enroll in college, 2) triggered by increasing family financial concerns about college expenses and financial aid, these mismatches are shifting initial enrollment of qualified students away from 4-year colleges, 3) shifts in initial enrollment are consequential because where qualified high school graduates are able to start college (access) largely

determines their likelihood of success (persistence), and 4) exacerbating the negative impact of enrollment shifts, persistence rates today appear to be lower, especially for qualified high school graduates who are unable financially to start at a 4-year college. These trends greatly undermined bachelor's degree completion of high school graduates over the last two decades and, if unchecked, will take an even greater toll this decade."

Further, individual Pathways Commissioner discussions with financial aid officials at several universities and education foundations revealed significant impediments to high school students in obtaining financial aid: the awareness of financial aid opportunities and the ability of students and their parents to correctly and accurately complete the necessary forms. Anecdotally, these difficulties are more acute for first-generation and diverse students, who are among the types of students who would be desirable to attract into accounting programs and the accounting profession. While this impediment is certainly not unique to accounting, prospective students and entrants cannot begin to consider potential careers in accounting if the failure to navigate the financial aid process and their financial need prevent them from attending an institution of higher learning. This may obviously impact both majority and underrepresented students.

Action Item 5.4.1: Develop frequently asked questions (FAQs) or other sources of information to increase awareness.

Through the actions of the AICPA, the AAA, state societies of CPAs, and other professional accounting organizations, develop FAQs or other sources of information to assist prospective students with difficulties encountered in completing financial aid applications.

Action Item 5.4.2: Enlist current accounting students and student organizations to provide assistance to high school students accessing and completing financial aid applications, similar to Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) programs.

Similar to VITA and TCE programs, enlist current accounting students and student organizations in providing assistance to prospective students in the financial aid application process. This action will provide an important service to society, which should be an objective of the accounting profession. VITA and TCE are IRS-sponsored programs and offer quality, free tax help to low- to moderate-income people who cannot prepare their own tax returns, including the elderly, the disabled, and those for whom English is a second language. According to the IRS (Internal Revenue Service 2011), for the 2010 tax return season, the IRS certified nearly 88,000 trained volunteers to work at more than 12,000 sites, and these volunteers prepared more than 3.1 million tax returns, resulting in an increased flow of dollars to the communities they served. By providing assistance in this manner, the ability of less-advantaged students to attend an institution of higher learning will be enhanced, which will enhance the potential pool of applicants to accounting programs and entrants into the accounting profession. In addition, these activities will do the following:

- Provide favorable public relations for the accounting profession and potentially cast the profession in a different light.
- Provide current accounting students with a professional and personal development opportunity that will enhance their own professionalism upon entry into the profession.

- Expose high school students (potential accounting students) to current accounting students and increase their awareness of the accounting profession and their potential interest in enrolling in accounting programs and entering the accounting profession. This would also enhance our ability to achieve objective 5.1.
- Finally, to the extent that current underrepresented or first-generation accounting students participate in this mentorship program, the ability to enhance the diversity of entrants into accounting programs and the accounting profession would be helped.

Objective 5.5: Encourage a separate and more focused study of the impediments to better diversity within the profession.

As previously noted in the introduction to this report, the challenges of improving the representation of currently underrepresented portions of our population within this profession are so significant as to warrant a separate study and proposals to better address this perplexing problem. Many of the past efforts by a multitude of interested groups and individuals have made a positive impact on this challenge, but collectively, these efforts have still fallen short of achieving representation within the profession in line with the diversity of the population as a whole. Based on current demographic trends in the United States, this challenge will surely become more difficult in the future. By bringing interested stakeholders together to pool knowledge and resources, there is a much better chance of moving the needle on this challenge.

Action Item 5.5.1: The Pathways Commission recommends the current sponsors join with other interested parties and undertake a collaborative and in-depth review of existing efforts to attract and retain underrepresented groups in the accounting profession.

Recommendation 6

Create mechanisms for collecting, analyzing, and disseminating information about the current and future markets for accounting professionals and accounting faculty.

Objective 6.1: Establish a national committee on information needs.

Consistent with issues discussed in recommendation 4 of the ACAP report, this Commission found the lack of consistent demographic and higher-education program profile data concerning the accounting profession, broadly defined, disconcerting. Currently, there is neither a systematic process for the ongoing collection of data nor sufficient information available to the general public about where they can locate and access data on all accounting majors and career opportunities. For example, the AICPA publishes a study of audit demand and supply every two years. The AACSB gathers information on accredited business schools and accounting programs. In addition, other groups, such as the AAA, NASBA, colleges and universities, and individuals, collect some of this data but not in a manner available and useful for research and decision making. Accordingly, it will be important for the implementation effort to identify a more cohesive approach among

various stakeholders to consolidate existing data and provide access to the general public for available data on supply and demand within the accounting profession.

As the ACAP report concluded, “The need for comparable, consistent, periodic information regarding the demographic profile of professional accountants and auditors, related higher-education program capacity, entry-level supply and demand of personnel, accounting firm retention and compensation practices, and similar particulars are fundamental to a meaningful understanding of the human capital circumstances impacting the public company auditing profession and its future and sustainability” (Department of the Treasury 2008).

While the ACAP report was oriented toward the public company auditing profession, the same issues relate to all accounting professionals, including entry-level personnel, those working in government and not-for-profit, and CPAs. The Commission believes having such data available will increase the ability of all accounting education pathways stakeholders to better understand, monitor, and evaluate the current environment and take necessary or desirable actions with respect to the human capital in the accounting profession. To achieve this objective, the profession needs to have a process in place that consolidates all one-off survey data within an organized structure to ensure accounting educators and the accounting profession make informed decisions.

If one of our goals is to attract diverse, high-potential students into the accounting profession, then a necessary condition to make this happen would seem to be to require the profession to obtain more information on where these students come from, how they decide to become accounting majors, and what the best accounting career paths to become successful professionals might be.

Action Item 6.1.1: Form a broad-based stakeholder committee, consistent with Pathways recommendation 7, to enable the information collection, analysis, and dissemination necessary to support the other recommendations.

One of the initial tasks of the implementation efforts will be to establish a committee of stakeholders from the accounting profession to create a plan and set forth a strategy to work with data-gathering organizations for the purpose of providing current data regarding the accounting environment. Using this data, the proposed committee will be able to provide information regarding the accounting environment, so individuals and organizations can make informed strategic decisions on our education process, system, and structures. These entities will be able to thoughtfully address questions such as the following:

- What are the characteristics of accounting students who have successful careers?
- What are the demographics of students who decide to major in accounting?
- What jobs do accounting graduates currently have?
- What are the career paths of accounting graduates?
- What are the associated salary changes throughout these career paths?

- What are the career benefits of obtaining a master's in accountancy?
- What is the value of obtaining CPA status?

Maintaining a sustained, coordinated approach to information gathering and reporting with multiple stakeholder groups that have varying incentives will be challenging and will require this group, in conjunction with the implementation commission, to establish a long-term funding mechanism to sustain this effort.

Because of the complex nature of the ways data about individuals is collected across states and organizations, the committee will need to engage leaders in the field at both the national and state levels who are familiar with and understand the various data sources. These individuals (leaders such as Peter Ewell, vice president at the National Center for Higher Education Management Systems) working with the committee would have the knowledge and contacts needed to organize a summit meeting that could bring leaders of the various data organizations together to assist the committee in developing strategies to make this happen.

There are a number of national and state efforts currently underway that use existing technology and web resources to access and link data that were not available a few years ago. For example, using potential data from employment resources, interested parties can determine the demand for various areas of the profession. Researchers also have the ability to longitudinally link sanitized data by social security number to measure an individual's progress throughout his or her career.

Examples of reports that use this new data, from the Georgetown University Center on Education and the Workforce (2011), include "Career Cluster Forecasting Demand for High School through College Jobs 2008–2018" and "The College Payoff Education, Occupations, Lifetime Earnings." This demand study was done in collaboration with the National Research Center for Career and Technical Education and the National Association of State Directors of Career Technical Education Consortium. Other organizations also attempt to forecast demand for accountants. For example, the Bureau of Labor Statistics estimates the profession will grow by 22% between 2008 and 2018, and in a recent survey of finance professionals conducted by Accounting Principals, half of all respondents said they expect their company to hire in 2012 (Steinberg 2012).

Example of the educational databases, the organizations devoted to collecting and reporting on educational issues, and examples of reports generated are as follows:

Educational Databases	<ul style="list-style-type: none"> • National Center for Education Statistics (NCES) • Integrated Postsecondary Education Data System (IPEDS) • US Census Bureau • 2009 American Community Survey Public Use Microdata Sample file
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Organizations	<ul style="list-style-type: none"> • The University of Tennessee Center for Business and Economic Research • Georgetown University Center on Education and the Workforce • Department of Labor • Accounting Principals • Robert Half
Reports Available	<ul style="list-style-type: none"> • "School-to-Work: Do Tennessee's Higher Education Graduates Work in Tennessee? Part 1" (Fox, Couch, and Thacker 2007) • American Institute of CPAs "2011 Trends in the Supply of Accounting Graduates and the Demand for Public Accounting Recruits" (Moore 2011) • "Academic Program Supply and Occupational Demand Projections: 2008–2018" (Luna, Murray, and Cunningham 2011)

More detailed examples of potential educational reporting possibilities are found in appendices E through G.

Objective 6.2: Project future supply, demand, and competencies for accounting professionals.

Having an understanding of the future demand for graduates of accounting programs is important for the design of these programs. The goal is to match accounting graduates with the needs of employers, both in terms of quantity and the competencies desired by employers.

After reviewing the literature, the Commission did not find a comprehensive source of data on the future demand for all accountants. While the biannual AICPA supply and demand survey provides leaders of academic accounting programs with some information about the future demand for public accounting graduates of their programs, it only captures the demand for those graduates pursuing a career in public accounting. Therefore, there is a need for demand data for those graduates who desire to pursue a career in other areas of the profession (e.g., government, publicly traded or privately held corporations, not-for-profit). In addition, there is no broad source on the required competencies and/or future competencies for these graduates. While some might argue that there is government labor data on accounting demand, this data is not granular enough, nor in the ever-changing global world is there a data source that outlines both the current competencies and future competencies employers expect in accounting graduates.

Action Item 6.2.1: Conduct biannual surveys through FEI, the AICPA, universities, and other organizations that capture demographic information on the the supply of accounting graduates, current and future hiring needs, and desired competencies of both current and future hires.

By partnering with the Financial Executives Research Foundation (FERF) of FEI—which has more than 10,000 members throughout the world, consisting of senior financial managers (i.e., CFOs, controllers, and treasurers)—and with the AICPA, the Commission believes this new committee will be able to gather the necessary information to provide a better picture of the future supply and demand of accounting graduates.

The new surveys, ideally administered by both the AICPA and FEI would consist of three parts: demographic information, an estimate of the numbers of accountants to be hired by the organization in the current year and projected for the next three years, and the desired competencies of new hires in the current year and in the future. The survey will also attempt to assess the impact that outsourcing accounting activity outside the United States may have on the demand for graduates of U.S. accounting programs. The proposed FEI survey is included as appendix H.

The Commission expects the combination of these two surveys will provide a broad understanding of the future demand for accountants and, therefore, the graduates of accounting programs. Additional surveys focused on the demand from government and not-for-profit organizations could be done in the future to provide an even broader view of the demand for accountants.

Objective 6.3: Project future supply and demand for all accounting faculty in higher education.

Beyond gross statistics indicating the demand for accounting faculty is outstripping supply, not a great deal is known about this topic—particularly when it comes to forecasting supply and demand.

Action Item 6.3.1: Conduct biannual surveys to determine the future demand for accounting faculty, using the detailed database that is being developed by the AAA.

To address this need, accounting education should develop a permanent capacity to collect better data on the numbers and characteristics of faculty (and other professionals) currently employed in college and university accounting programs. In addition to simple counts, these data should encompass where faculty are in their careers (age, rank, and tenure status), their backgrounds (level and type of preparation, their mobility across colleges and universities and/or between the academy and the profession), all disaggregated by subfield and demographic. On the supply side, data resources should encompass pipeline statistics on the number of master's and Ph.D. students enrolled in accounting programs nationwide, again disaggregated by subfield and demographic to support detailed projections of future faculty supply.

Objective 6.4: Enhance the benefits of high school accounting education.

Many of the action items outlined in recommendation 5 relate to attracting more diverse high-potential students from high schools using different approaches. To do this, there needs to be a mechanism to contact, communicate with, and get feedback from high school accounting teachers. While certain states may have the ability within their state to know what their accounting teachers are actually teaching, such information is not readily available on a consolidated basis.

Action Item 6.4.1: Develop a database of high school accounting faculty.

The AAA should partner with the AICPA and others to develop a database of high school accounting faculty to have the ability to contact high school accounting teachers to enable the gathering of the information noted in 6.4 above.



As noted in Chapter 3, the Commission focused on six broad areas for recommendations to address current issues in accounting education but also to address future needs of the academy and practice communities in order to adapt in a timely fashion to the changing demands of the marketplace on the profession broadly defined. The specific actions detailed thus far within this chapter include significant potential changes to the practice community, accounting education and institutions, and related individuals involved in each of these constituent stakeholder groups. No doubt some stakeholders will embrace some of these actions, and there will be some positive improvement absent any additional pressure. However, history has informed us that absent some method to sustain the dialogue, to challenge the status quo, and to champion the continued need for improvement, these recommendations and actions will result in limited and isolated change.

To truly build the education model for the future of accounting education, now is the time for a sustained effort to push past the rhetoric and impediments and actually move forward in new and exciting directions. Not every recommendation will work as conceived or have the intended positive result contemplated. However, by moving forward to implement these recommendations with a sustained effort, there will be a platform to better evaluate what does and does not work, to identify additional impediments, and to improve these recommendations even further. Accordingly, the Commission offers this last and critical recommendation to move the ideas and recommendations in this report into tangible positive changes for the future of accounting education.

Recommendation 7

Convert thought to action by establishing an implementation process to address these and future recommendations by creating structures and mechanisms to transition accounting change efforts from episodic events to a more continuous, sustainable process.

Creating a structure to support continuous review and support for renewal in accounting education will require a continuing commitment from the original sponsoring organizations and the engagement of the broader range of stakeholders in the academic and practice communities. Moving forward will mean seeking the involvement of additional stakeholders to further develop a leadership model, establish an organizational structure, develop a strategy, and secure funds.

Objective 7.1: Initiate a process that can sustain future accounting educational change efforts.

Developing an Organization and Leadership Structure for Implementation

Often, the most difficult challenge for any new endeavor to overcome is its own inertia. The study of physics tells us that the principal of inertia describes the tendency of an object, absent any external force, to resist any change in its current motion. This principal has been evident in the results of past efforts to define new pathways for accounting education. In order to overcome inertia as it relates to implementing the recommendations included in this report, the Pathways Commission's final recommendation calls for the establishment of a robust implementation process to convert these and future recommendations from good ideas to actual new and enhanced outcomes.

The first implementation consideration must be the identification of a leadership structure and ownership of the implementation process. The leadership structure should allow sufficient flexibility for one or more leaders of the effort to champion these and future recommendations. The organization structure must allow for operational ownership of the process by a limited group of individuals who are willing to embrace the effort and to move the agenda forward while also seeking additional input and support from a broad group of stakeholders. Lastly, it will also be important for the sponsoring organizations to remain involved in the oversight and monitoring of these activities into the future.

Various options for leadership of the initial implementation activities have been identified and discussed among the Pathways Commissioners. While multiple options were considered, at the forefront of these deliberations was the goal of enhancing the accounting profession by bringing accounting practitioners and accounting academics closer together (i.e., promoting greater collaboration between educators and practitioners). With respect to the implementation structure and ownership of the activity, the Commission recommends the following actions:

- Thus far, the Pathways Commission activity has been supported jointly by the American Accounting Association and the American Institute of Certified Public Accountants. These two organizations, having been called upon by the Treasury Committee on the Auditing Profession

to initiate this study, are well positioned to continue as the cornerstone organizations to ensure implementation efforts now and into the future. Thus, the Commission calls on these two organizations to continue their financial and resource commitment to this effort by embracing the need for a sustained implementation activity that will carry the effort into the future. The original sponsoring organizations' roles should be high-level oversight rather than operational, decision-making roles.

- A new commission (similar to the Pathways Commission) should be formed to provide advice and support for ongoing implementation activities. Other stakeholder organizations should be recruited to be represented and participate in this new commission and assist with funding its activities. The primary responsibility of this new commission would be to provide advice and counsel to the leader or leaders described below and to be a sounding board for new implementation ideas as well as development of further recommendations to deal with impediments. Ideally, the new commission members would be volunteers representing a broad cross section of organizations with a vested interest in the outcomes being sought through implementation of these recommendations and should also be chosen with the intent of expanding the reach and network of the implementation leader or leaders.
- While the leadership structure would include the groups described above for oversight and support, day-to-day leadership of implementation should not be done by the entire committee. Leadership and ownership of the implementation effort would best be served by identifying one or two key senior leaders in academe and/or the practice community willing to take on the challenge of implementing these and future recommendations for an initial period of time. The leader or leaders of this effort need to have the passion for the process and must see this as their “day job” and not as a volunteer effort to be pursued as time permits.
- The above attributes for the implementation leader or leaders is driven by the belief that successful implementation of many of the recommendations in the report will require personal outreach and statesmanship to make the case to otherwise reluctant participants in the accounting education pathways. There are usually early adopters who grasp a new idea from the outset and experiment with change. However, based on past experience and the impediments to change that have been identified during the Pathways Commission process, successfully changing current practice for a broader segment of stakeholders will require leaders with a vision of the future and who will personally promote these recommendations to even the most reluctant or entrenched stakeholders.
- A number of recommendations will likely need additional support and detail prior to or during implementation. To accomplish this objective, small, volunteer, task-oriented groups would be formed for selected implementation efforts that warrant such additional resources. A task force would likely be comprised of three to five subject matter experts who could work on a specific aspect of implementation of one or more recommendations. Each task force would have a narrowly defined mission and would end with the completion of its designated mission. Coordination and monitoring of task force activities would be the responsibility of the implementation leader or leaders with a strong connection to the new commission. To illustrate with an example, the recommendation dealing with enhancing the bidirectional link between academia and practice by establishing internships and externships for faculty and practitioners

will require a survey instrument to monitor observations by both the participants and the participating organizations. Development of such a survey instrument could be assigned to a small task force.

Implementation Funding

It would be nice to think the recommendations in the Pathways report will have such weight and obvious appeal that various stakeholders will immediately embrace the changes necessary to implement the recommendations and fund their own cost of implementation in their own self-interest. However, past experience suggests that it would be prudent to plan for a more measured financial response to these recommendations. Accordingly, it is anticipated that funding to encourage change will be both needed and less than readily available. It will be incumbent upon the AAA, the AICPA, and other interested stakeholders to adequately fund the efforts to implement the recommendations in this report and, longer term, to establish methods to identify and promote positive change on a continuous basis.

As a general principle, it is anticipated that much of the work identified above to implement these recommendations would be conducted through volunteer resources. For those activities that will require funding, interested stakeholders would be asked to contribute to funding the overall program rather than selecting specific projects. In this way, a broader set of recommendations can be coordinated and accomplished.

Sustaining the Effort

A few of the recommendations included in the Pathways Commission report could be operationalized in a relatively short period of time in limited settings in an experiment or beta test process. However, most of the recommendations in this report and those in prior efforts deal with fundamental structural elements related to the delivery of accounting education in multiple settings and with multiple participants. Accordingly, some of the recommendations from this report and future studies are likely to take years, if not decades, to be fully implemented. In addition, some of the recommendations in this report, when implemented, will lead to further recommendations, surface new impediments, or will need to change with the changing conditions of the future. After giving consideration to the magnitude of these recommendations and the time required for meaningful change to take root, the Pathways Commission recommends the following steps with respect to ongoing implementation activities:

- First, it is imperative that implementation activities, such as those described in this report, begin almost immediately upon publication of the report. That is not to say that each of the recommendations and related actions are locked in stone and would not be adapted upon further study and the results of implementation feedback. However, the profession, through the support of the sponsoring organizations and collective input of all those volunteers who have contributed to this effort, have created the opportunity to make meaningful and positive change to adapt better to our future. Now is the time to capture the momentum of this activity and take the process to the next logical level.
- The Commission recommends that the implementation and leadership structure noted above be established and robustly supported for an initial period of two or three years. During this

period, feedback would be captured, and all interested stakeholders would have an opportunity to follow the implementation efforts. Following this initial period of implementation of the recommendations in this report, the Commission recommends a review of the implementation process to date. The goal of this implementation review would be to identify those activities that are necessary to convert this initial implementation effort into a sustainable process for continuous improvement in accounting education. The Commission fully understands that without a valid structure and funding mechanisms, sustaining the long-term viability of these efforts will be challenging if not impossible.

Conclusion

The above is not intended to be, in and of itself, the final implementation plan for this or future studies of accounting education. It represents a summary of the initial implementation recommendations of the Commission. However, the Commission has developed a more detailed implementation plan and related activities as well as funding requirements for further consideration as the implementation efforts begin.

Often, change is difficult to achieve absent a significant triggering event. While the accounting profession may not face an overall shortage of personnel or a significant triggering event at the moment, the best time to prepare for change and implement positive improvement is before there is a crisis. For the Pathways Commission recommendations to have a positive impact on the future success of the accounting profession, these recommendations deserve to be thoughtfully considered and proactively championed among a variety of stakeholders. The time to start is now.

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Chapter 5: Impediments and Potential Solutions

Introduction

For the Pathways Commission to influence and motivate discussion and engagement and achieve lasting change, it is important that it learn from the experiences of prior working groups (such as Horizons for a Profession, 1967; The Beamer Report, 1969; The Bedford Commission, 1986; The Accounting Education Change Commission, 1999). While colleagues in earlier working groups produced some excellent ideas and solutions, broad-based acceptance of their recommendations was hampered by two important conditions. First, these working groups served for a limited life. That is, the working group was designed to complete a charge, which resulted in a document(s) that attempted to solve the problem currently facing accounting education without a more permanent structure for carrying those ideas and projects forward. The second and equally important problem was that the focus of these committees was not on addressing the underlying impediments facing accounting education and the profession. Recognizing this, the Pathways Commission thought it was important that both of these issues be part of its charge. Discussions of the Commission and its Supply Chain groups, as well as with the numerous presentation participant comments, make it clear that the Pathways Commission's recommendations will only have a lasting impact if the interested stakeholders address the impediments to the overall recommendations and the potential solutions to those impediments. This portion of the report focuses not only on the impediments, but also on the possible solutions to these impediments. The Commission realizes the impediments and suggested recommendations have been identified in previous sections, but here, related impediments are grouped and potential solutions to these issues discussed in context.

Background

As the discipline of accounting education and the accounting profession have evolved over the last 50 years, the culture of higher education institutions and the profession's relationship with higher education has not kept pace with the ever-changing global business environment. In a broader sense, the long-established leadership position of the United States in higher education is at risk. The importance of private (donor) funding and tuition revenues has resulted in colleges and schools of business seeking to improve their rankings in various media surveys as they compete for students and philanthropic dollars. These rankings are based, in large part, on reputation and faculty scholarship rather than the nature and relevance of the curricula or learning outcomes. At many institutions, faculty performance evaluation decisions and promotion and tenure decisions have followed suit. Simply stated, the importance of creating innovative, relevant curricula has decreased and, with it, the quality of relevant preparation of graduates. This general challenge is equally

relevant to business schools and accounting programs. Without significant change, the profession risks further degradation in the quality of graduates and their readiness to serve society in the accounting profession.

Interested stakeholders need to carefully examine the processes we use to hire, reward, and retain faculty and to cultivate curricula as well as the ways academia and others in the profession interact. All accounting professionals, both practitioners and academics need to think more creatively to foster a culture of innovation with the goal of improving the quality of accounting graduates. While being cognizant of the models and traditions of the past, the profession must begin to adapt these models to an increasingly technology-based and complex global world.

This section attempts to classify the impediments into three categories: the faculty, the practicing segment of the accounting profession, and the academic institutions. For each of the impediments, a possible solution is provided.

Faculty

I. The need to acknowledge faculty change drivers and reward the resultant improvements.

The faculty of an institution is the key driver of curricula and pedagogy change, and thus, the curricular and pedagogical recommendations of this Commission cannot occur without the active involvement of faculty. The first impediment to address, which is no different than in any organization, is the difficulty in demonstrating to the majority that innovation is necessary and worthwhile for the investment of their time. The ambiguous recognition and reward structure further impedes faculty teaching and learning innovation. Questions arise, such as does the faculty or the institution own the resulting intellectual property from curricular and pedagogical innovation? Are there market and institution mechanisms for faculty, institutions, and students to recognize the intellectual contributions of innovation and allow faculty to reap the rewards of being willing to change? If so, curricular and pedagogical improvements will be measurable and will result in improved student outcomes.

However, education has always been a field that has been extremely hesitant to make changes without a priori evidence that the contemplative changes will result in a positive return on investment. Therefore to seed curricular and pedagogical innovation and devise meaningful recognition and reward structures, the implementation activities of this effort will need a multitude of different institutions willing to engage in a variety of pilot studies. However, these pilot studies will need to have well-defined assessment metrics to determine whether or not student outcomes and the ability (through a continued structure) to leverage these successes to other situations have improved. To disseminate these pilot studies and other best practices, faculty will need a clearinghouse to pool the knowledge and insights gained from these pilot studies and an assessment/feedback loop to determine what does and does not work. One aspect of this feedback loop would be a ranking system similar to those found on many of today's smartphone applications for rating restaurants.

2. The need to overcome the silo effect in many departments, where the curriculum is viewed as a series of independent, not integrated, courses.

A second impediment is the current silo approach to accounting education. These course silos erect significant barriers to creating a signature accounting pedagogy—a cohesive curricular approach to thinking, performing, and acting with integrity like an accounting professional. Subject silos obstruct the integration of multidimensional practical problems and global applications throughout the curriculum. This impediment has hindered pedagogical innovation and, if left unchecked, could have a negative impact on future innovation of curricula. The failure of accounting faculty to take a holistic approach to curriculum reform has created a catch-22. The silo approach minimizes the likelihood that accounting chairs and deans will provide the resources necessary for faculty development and training because the benefits derived from any change(s) to the accounting curriculum are not being leveraged across the curriculum but rather are viewed by the deans and chairs as one-off changes that affect, at best, only one course. In some cases, because of the perception that academic freedom allows each individual faculty member to teach what they want to teach, these changes might only affect one faculty member. A proposal to overcome this impediment is for institutions to place greater emphasis on curricular innovation as part of its annual evaluation of faculty. Another solution would be to establish a fund that would match an academic institution's investment in curriculum reform as it moves toward establishing a signature accounting pedagogy.

Two specific areas that can serve as examples of where innovative curriculum should begin are the first accounting course and course work and requirements for the Ph.D. degree. Over the past 25 years, there has been a growing groundswell for accounting faculty to restructure the first accounting course to attract more students to the profession. Similarly, over the last 10 years, there has been a growing concern about the dearth of individuals pursuing a doctorate in accounting. The potential impact of failing to attract new educators will be to seriously jeopardize the gains the accounting discipline has made in the academy.

3. The difficulty of incorporating cutting-edge developments, especially technology and practice, into curricula because of lack of faculty knowledge and/or time to invest in these changes.

A third impediment is faculty resistance to incorporating cutting-edge developments, especially technology and practices, into curricula. The responsibility for this lies with both academia and the profession. Academia has failed to reach out to elements of the practice community for assistance in developing its curricula, believing it best knows what to teach. And the practice community has not worked with academia to develop a broad-based mechanism to ensure more schools have an opportunity to partner with the profession. Also, academics generally do not have easy access to current practice technologies, stories, or data sets. Privacy, confidentiality, and regulatory issues have retarded the availability of robust data from business for student course work and/or faculty research projects. The Commission recommends that a broader number of institutions develop greater ties to a broadly defined practice community (i.e., private, public, government, and not-for-profit organizations). This effort will provide faculty and students with a greater awareness of what is transpiring in practice and provide a better understanding and appreciation of the broad societal

purpose of the accounting profession. This effort will also provide the faculty member with a better understanding of the current set of professional or practice skills need to enter the profession. The Commission recommends the codevelopment by faculty and the practice community of living case resources (rich, multiyear, enterprise-wide data sets) that can be used by multiple accounting courses for very different educational goals. Such technology resources would help students see the interactions between different stakeholders within a business and between business partners. Without such resources, the possible solutions for embedding information technology are more superficial and lack professional realism. Another benefit is that these data sets can also lead to providing experiential learning opportunities for students and providing faculty who have limited professional experience or who have been removed from practice for a number of years an opportunity to learn about current practices.

The Commission also recommends that institutions employ full-time professionally oriented faculty and that these faculty have a significant role in the development and modification of the curriculum. The AACSB requires professionally oriented faculty to be actively involved in the curriculum through the participation standard. If institutions are going to leverage the expertise of professionally oriented faculty, this standard needs to be fully incorporated into the culture of all accounting programs.

4. The need to overcome internal barriers to facilitate nimble curriculum change.

A fourth impediment to curriculum change, occurring more at public institutions than at private schools, is the speed in which curriculum change occurs at the institution. The institutional process for curriculum change is an extremely time-consuming process. While a review process is needed to ensure academic integrity, the typical curriculum change process requires department, college, and institutional academic committee approval and then an overall faculty governance approval. Further, depending on the level of the change (e.g., major revision), it could also require approval by the board of trustees or a similar named entity. Given that virtually all institutions operate on either a 10-week quarter or 15-week semester system and that the aforementioned curricula committees operate in a hierarchical structure and generally meet on a monthly basis within those 30-week windows, the speed in which change occurs after reaching departmental faculty consensus is measured in years, not months. Couple this with the necessary requirement that all curriculum changes be prospective, so as not to extend the time to graduation, makes the time frame to measure the impact of curriculum change an even longer process. A possible solution to this impediment rests primarily with funding pilot studies—with the funding contingent on the timely completion and implementation of the curriculum changes. While it is important that changes to curriculum are not made simply for the sake of change, external pressure for relevant curriculum change by accreditation requirements and/or by the profession could incentivize change.

Accounting Profession

1. The need to enhance the bilateral relationship between the practice community and academe.

From the perspective of the profession, one impediment to change has been the lack of a consistent relationship between a broadly defined profession (i.e., public, private, government) and a broadly defined academy—large and small public and private institutions. This impediment can be broken down into three subparts. First, the Commission recommends the organizations and individuals in the practice community work with accounting educators to provide access to their internal training seminars, so faculty can remain current with the workings of the profession. These organizations also need to develop internship-type opportunities for interested faculty. Second, the practice community and regulators need to reduce the barriers academics have in obtaining research data. All stakeholders must work together to determine how to overcome the privacy, confidentiality, and regulatory issues that impede a greater number of researchers from obtaining robust data needed for many of these research projects. Having access to this data could be instrumental in helping the academy provide timely answers to the profession on the impact of policy decisions on business practice. Third, the profession and the academy need to share pedagogy best practices and resources, especially with respect to rapidly changing educational delivery models as both are essential segments of the lifelong educational pathway of accounting professionals.

Conversely, academia is not without fault in the development of this relationship. The Commission recommends that more institutions, possibly through new accreditation standards, engage more practitioners as executives in residence in the classroom. These individuals can provide a different perspective on various topics and thus might better explain what they do, how they do it, and why they do it. Additionally, the Commission recommends institutions utilize accounting professionals through department advisory boards that can assist the department in the development of its curriculum.

2. The need to attract a diverse workforce.

Attracting a diverse workforce is the responsibility of both the academy and the profession, so it could be included under both categories. The lack of diversity in the academy provides fewer role models and mentors for students, which, in turn, results in fewer minority students being attracted to the profession. At the same time, accounting is in competition with professions, such as engineering, medicine, and law doctoral programs, for academically well-prepared students from underrepresented groups. Students from underrepresented groups who are first-generation college students may have had less contact throughout their lives with those in the profession. Additionally, in the case of first-generation college students, these students face greater financial pressures in paying for the education needed to complete the additional requirements if they desire to become a CPA.

Administrative / Institutional

1. Addressing tenure and the general lack of post-tenure review.

At the heart of the institutional issue is the current tenure system and the general lack of post-tenure review. The annual review process, which, in turn, feeds the tenure and promotion process, is discussed below as part of the impediment regarding the reward structure. With the exception of a few institutions—most recently the University of Michigan—the tenure decision for a tenure-track faculty member is based on five years of research, teaching, and service with research being the driving factor. After this relatively short period of review, an institution makes a decision to either terminate the faculty member or provide the faculty member with, in essence, a lifetime contract. Many times, the termination of a faculty member comes with costs. These can include the legal costs associated with the termination of an employee, especially in a union environment.

Other costs associated with the decision include the justification to keep a faculty line, costs for a new search, moving costs, higher salary and release time for a new faculty member, and other institutional costs associated with acclimating a new employee. As a result, these very complex decisions made within a short evaluation window are made more on the short-term research productivity of the individual rather than the determination of whether this individual can adapt to a changing world. To mitigate this impediment, the Commission recommends institutions explore the extension of the tenure time frame (e.g., longer than five years) and, absent the ability to change this dimension, explore and develop a rigorous post-tenure review process. The Commission believes this process should require faculty to demonstrate not only intellectual currency, but provide evidence that they have adapted their skills, through teaching portfolios, to provide the type of education necessary for students to be successful in a changing world and in the profession.

2. The need to modify current reward structures to incentivize curricular innovation, professional activity, and service to students and organizations related to the accounting profession.

Another impediment to change is that the reward structure is almost entirely centered on the research mission of the institution. As a result, over the past 40 years, the academy has incrementally and unknowingly created a bilateral faculty system with research on one side of the aisle and teaching and service on the other side. This—coupled with national rankings based primarily on the research productivity of an institution, which many find as a noisy surrogate for quality—feeds a culture in both the institution and the academy that research is the coin of the realm. This ratings game has also led deans and chairs to feed a culture of research over teaching and service by raising funds to create endowed chairs. These funds, provided by large accounting firms, alumni, and corporations, are given predominately to research faculty for three years with the understanding that the faculty member will teach less, have a smaller service obligation, and will maintain this increased compensation if he or she continues to maintain research productivity.

Not unlike the problem higher education has with athletics in that administrators of institutions and alumni are chasing athletic glory, administrations of institutions have been chasing ratings, with

the assistance of the profession, to create a reward structure that celebrates research over teaching and service to the profession. For those institutions without a merit structure, or with a minimal one, the ability to change is even more restrictive. The Commission recommends that for broad-based change to occur, more of the soft funds from the profession must be directed toward creating endowed teaching chairs and rewarding innovative and creative teaching and service to the profession. Conversely, deans and chairs need to invest in educational training and technology. Related to this, if the profession is going to create greater synergy between the professionals and the academy, it will need to recognize that professional internships are valuable sabbatical assignments and that a leave of absence to work in the profession is a positive activity that should be viewed favorably by the institution administration (i.e., chairs, deans, and provosts) in the annual review and subsequent promotion process. Related to this, the annual review process also needs to reward faculty who engage in service obligations that entail a significant amount of time working with students (e.g., BAP), the profession (e.g., AICPA, IMA), or with a professional organization (e.g., TACTYC, NBEA, AAA).

3. The inability or unwillingness of deans and department chairs to implement changes.

As previously discussed, although it varies slightly across institutions, it is commonly accepted in higher education that faculty are responsible for the development of and changes to the curriculum. However, the administration (i.e., deans and, to some extent, chairs) is responsible for hiring and firing and the allocation of resources for the various programs in the colleges based on the resources provided by the provost and used consistently with the mission of each institution and its academic and strategic plan. The institutional resources provided to the deans of business schools and, to some extent, the department chairs as well as how these resources can be utilized vary greatly across institutions. Therefore, a third impediment to implementing change is a willingness of the dean and/or chair to invest in curricular reform. Many of the same reasons cited within the faculty section apply to the administration section. Administrators want proof, demonstrating that curriculum changes will result in improved student outcomes and contemplative changes will result in a positive return on investment. Therefore, to overcome this impediment, the implementation efforts will need to recruit a multitude of different institutions willing to engage in various pilot studies. These pilot studies will need to have well-defined assessment metrics to determine whether or not student outcomes have improved.

4. The need to inculcate in the future professorate on the importance of pedagogy and an appreciation of professional relevance.

A fourth impediment is that many doctoral-granting institutions do not have teaching and pedagogical components as part of their degree requirements. The Commission believes all institutions should mandate that teaching requirements be incorporated into a student's doctoral program. The goal would be to require students to take a course in pedagogy or cognitive learning and teach at least two semesters in their field of study (e.g., managerial, tax). While mentoring is provided from a research perspective, few institutions provide any pedagogical mentoring or require students to attend workshops to enhance their teaching capabilities. The Commission

recommends doctoral programs implement a teaching mentorship program to provide students with relevant pedagogical experiences. The Commission also recommends doctoral programs devote time to educating students on the importance the profession has on the creation and dissemination of financial information in the global economy and to provide these students with a better understanding of the profession's broad societal purpose, so they can convey it to the next generation of accountants.

Summary

In conclusion, accounting education and research have made great strides over the past 50 years, and the profession has benefited greatly from the scholarship of academic discovery. For this to continue and for the partnership between the academy and the broader accounting profession to remain vibrant, it will require the collective efforts of accounting academics, accounting professionals across a vast array of organizations, individual academic institutions, and accrediting organizations to work collaboratively to foster a culture of change on campuses to better integrate the profession into the individual research, teaching, and service missions of each institution. Only by removing the impediments discussed above can the profession ensure that the discipline of accounting will continue to prepare students, and the accounting profession will thrive for another 50 years.

Pathways Commission Impediments Chart

Recommendation	Impediment	Change Agents
I	Rankings are based on academic journals with minimal credit for practice journals	Academy: Administration
	Lack of formal mechanisms for accounting educators to stay current on practice issues	Academy: Administration, Profession
	Researchers do not have access to data	Profession
	Resource constraints reduce discretionary time for practice and academy to engage in research	Academy, Profession
	Professionals are discouraged from pursuing professionally qualified positions because of cultural barriers	Academy: Administration

Recommendation	Impediment	Change Agents
2	Lack of financial incentives for business schools to engage in doctoral education	Academy: Administration, Profession: Direct Resources
	Lack of external funding makes institution absorb entire cost of doctoral education	Academy: Lobbying, Profession: Lobbying
	Lack of faculty interest in working with part-time students and students engaged in scholarship of application	Academy: Faculty
	Faculty resistance to different and/or multiple doctoral models	Academy: Faculty
	Institutional resistance to changes in doctoral education	Academy: Administration
3	Research output is the driving factor in business school rankings, which drives resources to research over teaching	Academy: Administration, Profession: Direct Resources
	Research output and journal rankings are quantifiable; there is no general mechanism to evaluate teaching	Academy: Administration, Faculty
	The market rewards researchers; there's no market for outstanding teachers	Academy: Administration, Profession: Direct Resources
4	Reward structure inhibits curriculum innovation	Academy: Administration, Faculty
	Lack of integrated curriculum creates silo effect and inhibits curriculum innovation	Academy: Administration, Faculty
	Lack of faculty knowledge of latest technology coupled with time to implement changes	Academy: Administration, Faculty; Profession: Access to Technology
	Cumbersome and time-consuming institutional process to change curriculum	Academy: Administration, Faculty

Recommendation	Impediment	Change Agents
5	Prospective students' lack of financial aid knowledge and the complexity of the process	Academy, Profession
	Additional credit hours inhibit students from majoring in accounting because of the cost	Academy, Profession
	The first course in accounting does not entice students	Academy: Faculty
	Not enough flexibility in pursuing a graduate degree in accounting with non-accounting undergraduate degree	Academy: Administration, Faculty
6	Need to create working group to liaise with recommendation 1	Academy, Profession
7	Implementation organization must be ongoing	Academy, Profession

Chapter 6: Appendices

Appendix A

A Model for Engaging Practitioners in the Academy

Several recommendations within this report point out the potential benefits of greater connectivity between the working members of the profession and the accounting academic community. Presented in summary form below are examples of actions that can enhance the existing relationships between these two constituencies.

Level	Function	Action	Anticipated Outcome
Advisory Board	Teaching	<ul style="list-style-type: none">• Suggest curriculum• Provide speakers for classroom and student groups• Identify areas for practicums	<ul style="list-style-type: none">• Curriculum more relevant to practice issues• Students and faculty exposed to practice issues• Students provided with real-life experiences
	Research	<ul style="list-style-type: none">• Suggest research topics• Provide access to subjects/data	<ul style="list-style-type: none">• Research topics more relevant to practice issues• Increased access to data
	Administration	<ul style="list-style-type: none">• Seek opportunities for faculty internships/externships	<ul style="list-style-type: none">• Faculty gain or refresh practice experience

Level	Function	Action	Anticipated Outcome
Department Level	Teaching	<ul style="list-style-type: none"> • Suggest curriculum • Establish ongoing protocol for practitioner participation in the classroom • Integrate practice training pedagogy and content into the classroom • Provide mentors for faculty 	<ul style="list-style-type: none"> • Curriculum more relevant to practice issues • More practice-oriented subjects and perspectives provided to students • Student learning experience more closely related to practice • Provide practice-oriented advice and counsel for faculty
Department Level	Research	<ul style="list-style-type: none"> • Host academic workshops with practitioners • Suggest research topics • Provide access to subjects and data 	<ul style="list-style-type: none"> • Research more practice-oriented topics • Research topics more relevant to practice issues • Increased access to data
	Administration	<ul style="list-style-type: none"> • Facilitate improved connection with business • Provide speakers for student groups 	<ul style="list-style-type: none"> • Local connections to identify practice resources for department • Students exposed to practice issues
Individual Faculty	Teaching	<ul style="list-style-type: none"> • Practitioners involved in class content and pedagogy development 	<ul style="list-style-type: none"> • Student learning experience more aligned with practice issues
	Research	<ul style="list-style-type: none"> • Practitioners involved in academic research • Provide suggestions for research design, vocabulary, and survey methods 	<ul style="list-style-type: none"> • Research results more practice-oriented and reflective of practice
	Administration	<ul style="list-style-type: none"> • Provide speakers for student groups 	<ul style="list-style-type: none"> • Student exposed to practice issues

Appendix B

Example Questionnaire Regarding Professionally Oriented Faculty

Several recommendations in this report address ways in which professionally oriented faculty could be better integrated within the accounting departments of colleges. In order to better understand current practice and identify areas for focused efforts during the implementation of recommendations, a survey instrument like the one below could be used to better inform the implementation of these recommendations.

	Yes	No
1. Do your full-time nontenure-track faculty have any say in curriculum matters? (if "no" to #1, end of survey; if "I don't know," ask for name of someone who might know)		
2. If "yes" to #1, are they allowed to propose curriculum changes? Are they allowed to participate in discussions about curriculum changes? Are they allowed to serve on committees that govern curricular matters?		
3. Can they vote on curricular matters? (if "no" to #3, skip to #8)		
4. If "yes" to #3, does their vote count equally with tenure-track faculty?		
5. If "no" to #4 (the vote does not count equally), what kind of weight does their vote carry?		
6. Are <i>all</i> full-time nontenure-track faculty allowed to vote?		
7. If "no" to #6, what qualifications must be satisfied in order for them to be eligible? a. Must have a Ph.D.? b. Must have an advanced degree? c. Must have been employed full-time at your university for a minimum period of time? (if a minimum period does exist, how long? ____ years) d. Other restrictions? If "yes" to d, please describe the restrictions.		
8. Approximately how many full-time nontenure-track faculty are in your business school? ____ Or don't know? If answer "don't know," approximately how many full-time nontenure-track faculty are there in your department? ____		
9. Approximately how many tenure-track faculty are in your business school? ____ Or don't know? If answer "don't know," approximately how many tenure-track faculty are there in your department? ____		
10. If your school offers executive development programs, do nontenured full-time faculty have a say in their curriculum? Do they have a vote?		

Appendix C

A Model for Academically Oriented Faculty

Recommendation I in this report discusses a process whereby the activities of academically oriented faculty might be expanded to enhance connectivity between the practice and academic communities. As described in the recommendation, the intent would not be to place a requirement upon each accounting department faculty member, but rather to view the activities in a holistic manner across all faculty in the department. The table below outlines various levels of activity that might be engaged in by various faculty at different stages of their career.

Level A
Work experience in which the academically oriented faculty member is employed temporarily in business or accounting practice or serves in a high-level policy group (e.g., a tax professor takes a leave of absence from the university to work at a business or accounting firm in the tax area; an auditing professor serves on the audit committee of a public company).
Level B
Involvement of the academically oriented faculty member in the professional development of business or accounting professionals (e.g., teaching continuing education for professionals or taking continuing education with practitioners in his or her area of specialization).
Level C
Participation by academically oriented faculty in professional organizations (e.g., membership and attendance at professional meetings) and personal certification and licensure (e.g., maintaining an active CPA certificate).
Level D
For those faculty members not involved in Levels A–C, develop a minimum level of awareness of business or accounting practice issues from second sources (e.g., internal seminars delivered by practitioners to develop an understanding of business or accounting practice issues).

Appendix D

Example Peer Review of Teaching Form

Recommendation 3 of this report suggests that peer teaching evaluations may be useful as part of multidimensional annual review processes for faculty. There are many examples that may serve as models for developing such tools, including this sample.

Peer Evaluation Rating Form Teaching Performance

To meet expectations:

1. Syllabi consistent with generic syllabi, course descriptions, and faculty-developed course objectives.
2. Provides evidence of course modification based on some form of outcome assessment of student learning.

To exceed expectations, evidence of the following should be considered:

Course Design and Preparation

N/A Needs Improvement Meets Expectations Provides Model for Others

- ___ Demonstrates mastery and current knowledge of subject area
- ___ Courses are structured to meet class objectives as established in course descriptions
- ___ Evaluation and feedback methods are consistent with stated course objectives
- ___ Course expectations are clearly communicated
- ___ Participates in course or curricula development
- ___ Participates in the design, development, improvement, or dissemination of teaching techniques and methods
- ___ Courses build on prerequisites and expected knowledge
- ___ Other _____

Presentation/Communication

N/A Needs Improvement Meets Expectations Provides Model for Others

- ___ Uses innovative teaching methods, approaches, and techniques
- ___ Establishes positive rapport with students
- ___ Lectures are stimulating and thought-provoking
- ___ Uses a variety of teaching techniques
- ___ Encourages questions and discussion in class
- ___ Available to students outside of class
- ___ Provides multiple forms of information dissemination (texts, handouts, web pages, etc.)
- ___ Other _____

Feedback on Student Performance

N/A Needs Improvement Meets Expectations Provides Model for Others

- ___ Presents evidence of high-quality feedback on projects, assignments, and exams designed to increase and enhance student learning
- ___ Feedback is consistent, fair, related to stated grading criteria
- ___ Feedback is timely
- ___ Maintains high and rigorous standards
- ___ Other _____

Teaching Quality

N/A Needs Improvement Meets Expectations Provides Model for Others

- ___ Actively involved in the direction of independent studies, doctoral committees, student projects, thesis work, or dissertation work
- ___ Consistently teaches large sections (more than 130 students per semester)
- ___ Consistently teaches courses involving new preparations
- ___ Other _____

Development of Teaching Excellence of Others

N/A Needs Improvement Meets Expectations Provides Model for Others

- ___ Participates in the design, development, improvement, or dissemination of teaching techniques and methods
- ___ Provides guidance to new faculty members and/or doctoral students in the area of teaching
- ___ Other _____

Appendix E

Sample Table I: Demonstrating the kinds of analysis that can be performed by incorporating various data sets to understand accounting education and its connections to the accounting profession

Bachelor's Degrees Awarded in Accounting & Auditing per 1,000 Accountants & Auditors, 2008–2009

[Source: Peter Ewell, vice president, National Center for Higher Education Management Systems (NCHEMS)]

Sources: NCES, IPEDS 2008–2009 Completions File; c2009_a Final Release Data File.

Note: Awards granted by University of Phoenix Online and Western International University are excluded from Arizona's figures but included in the national total. Awards granted by Ashford University and Kaplan University are excluded from Iowa's figures but included in the national total. These institutions primarily serve out-of-state students online, and their awards skew their respective state results.

State	Bachelor's Awarded in Accounting and Auditing	Total Accountants and Auditors	Accounting and Auditing Bachelor's per 1,000 Accountants and Auditors
Rhode Island	426	7,708	55.3
North Dakota	226	4,833	46.8
Utah	915	20,243	45.2
Iowa	848	21,370	39.7
Idaho	333	8,396	39.7
West Virginia	269	7,337	36.7
Delaware	209	5,864	35.6
Mississippi	430	12,832	33.5
Nebraska	347	11,281	30.8
Alabama	944	32,253	29.3
New York	4,953	169,368	29.2
Pennsylvania	2,528	88,188	28.7
Missouri	1,209	42,362	28.5

State	Bachelor's Awarded in Accounting and Auditing	Total Accountants and Auditors	Accounting and Auditing Bachelor's per 1,000 Accountants and Auditors
Arkansas	449	15,829	28.4
Louisiana	756	29,869	25.3
Kentucky	585	23,466	24.9
Kansas	629	25,500	24.7
Ohio	2,116	86,662	24.4
Michigan	1,658	68,220	24.3
Wisconsin	983	43,129	22.8
Washington	1,075	47,432	22.7
South Dakota	104	4,617	22.5
Hawaii	210	9,366	22.4
Indiana	963	43,799	22.0
Minnesota	1,027	48,154	21.3
Oklahoma	628	29,925	21.0
Florida	2,599	124,962	20.8
Illinois	2,178	105,758	20.6
Nation	48,075	2,337,540	20.6
Texas	3,661	183,829	19.9
South Carolina	493	25,841	19.1
Massachusetts	1,176	61,833	19.0
Tennessee	755	40,453	18.7
North Carolina	1,188	64,389	18.5
Oregon	426	23,729	18.0
Connecticut	600	33,913	17.7
New Hampshire	197	11,312	17.4
Maine	149	8,579	17.4

State	Bachelor's Awarded in Accounting and Auditing	Total Accountants and Auditors	Accounting and Auditing Bachelor's per 1,000 Accountants and Auditors
Colorado	810	46,938	17.3
Georgia	1,262	73,436	17.2
Maryland	878	52,696	16.7
Nevada	246	16,045	15.3
Arizona	619	42,866	14.4
Virginia	1,128	79,342	14.2
Vermont	70	5,055	13.8
Montana	91	6,719	13.5
Alaska	65	4,948	13.1
New Mexico	160	12,523	12.8
Wyoming	36	3,059	11.8
New Jersey	1,036	89,668	11.6
California	1,302	306,671	4.2
District of Columbia	579	4,973	116.4

Appendix F

Sample Table 2: Demonstrating the kinds of analysis that can be performed by incorporating various data sets to understand accounting education and its connections to the accounting profession

This information was generated using Tony Carnevale's Georgetown University Center on Education and the Workforce data that documents earnings and other outcomes for every bachelor's degree field by major. Below is a table extracted from that document comprising various information for accounting graduates compared to all business majors and compared to the highest ranked occupation. The data are drawn from the latest American Community Survey and represent the year 2009. [Source: Peter Ewell, National Center for Higher Education Management Systems (NCHEMS)]

Outcome	Major		
	Accounting	All Business	Highest Occupation
Median Earnings	\$63,000	\$60,000	\$75,000
Earnings at 25th Percentile	\$43,000	\$40,000	\$53,000
Earnings at 75th Percentile	\$95,000	\$90,000	\$102,000
Percent Male	48%	55%	84%
Male Median Earnings	\$75,000	\$66,000	\$79,000
Percent Female	52%	45%	85%
Female Median Earnings	\$55,000	\$50,000	\$62,000
Percent Obtaining Graduate Degree	24%	21%	54%
Earnings Boost from Graduate Degree	37%	40%	101%
Percent Employed	95%	95%	98%
Full Time	89%	90%	93%
Part Time	11%	10%	24%

Median earnings are full-time, full-year workers with a terminal bachelor's degree.

Appendix G

Sample Table 3: Using Tennessee data to demonstrate the kinds of analysis that can be performed by incorporating various data sets to understand accounting education and its connections to the accounting profession

The following table was generated using data used to create the report "School-to-Work: Do Tennessee's Higher Education Graduates Work in Tennessee?" The report was based on graduates from summer term 1997–spring 2005 and includes the CIP code, award level (associate's, bachelor's, master's, etc.), full- or part-time employment, wages, and quarters after graduation. Information developed for the Tennessee Board of Regents and University of Tennessee schools. [Source William Fox, Center for Business and Economic Research (CBER)]

Full-Time Employment	Bachelor's Degree, Accounting			Master's Degree, Accounting		
	16 Quarters Out			16 Quarters Out		
	Students	Total Raw Wages	Average Wages	Students	Total Raw Wages	Average Wages
Spring 1998	97	\$4,004,009	\$41,278	15	\$642,699	\$42,847
Summer 1998	58	\$2,286,584	\$39,424	52	\$2,784,557	\$53,549
Fall 1998	69	\$2,949,537	\$42,747	11	\$552,121	\$50,118
Spring 1999	93	\$4,092,686	\$44,007	10	\$531,175	\$53,118
Summer 1999	66	\$2,780,985	\$42,136	45	\$2,467,719	\$54,838
Fall 1999	83	\$3,471,528	\$41,826	11	\$583,512	\$53,047
Spring 2000	118	\$4,943,080	\$41,891	9	\$949,643	\$105,516
Summer 2000	49	\$2,084,341	\$42,538	46	\$2,529,077	\$54,980
Fall 2000	90	\$3,858,196	\$42,869	10	\$493,480	\$49,348
Spring 2001	106	\$4,680,077	\$44,152	7	\$366,520	\$52,360
Summer 2001	52	\$2,443,462	\$46,990	51	\$3,376,778	\$66,211
Fall 2001	71	\$3,297,173	\$46,439	7	\$352,195	\$50,314

Appendix H

Financial Executive's Institute (FEI) Survey Draft Topics (pilot in process)

1. Company industry

- Agriculture, mining, and construction
- Education—primary or secondary
- Education—higher education (colleges, universities, professional schools)
- Energy—oil, gas, solar, other
- Financial services—investment banking
- Financial services—all others except insurance
- Government—federal, national, or international
- Government—regional, state, or local
- Healthcare—providers, services
- Healthcare—life sciences
- Healthcare—pharmaceuticals
- Insurance
- IT service providers
- Manufacturing—discrete
- Manufacturing—process
- Media
- Professional, scientific, or technical services (not including IT)
- Retail—hotels, restaurants
- Retail—all others
- Software—publishers, developers
- Telecommunications
- Transportation—couriers, transportation services
- Utilities—electric, gas, water, sewer
- Wholesale distribution
- Other, please specify

2. Company annual revenue

- Less than \$25 million
- \$25–\$99 million
- \$100–\$499 million
- \$500–\$999 million
- \$1–\$4.9 billion
- \$5–\$10 billion
- \$10–\$24 billion
- \$25–\$49 billion
- Over \$50 billion

3. Company type
 - Government
 - Not-for-Profit
 - Private
 - Public

4. Current total number of U.S. employees in your company

5. Current total number of U.S. accounting and finance employees in your company

6. Five years from now, what do you anticipate will be the total number of U.S. accounting and finance employees in your company?

7. For the current year, please indicate the degree breakdown of your U.S. accounting and finance new hires (totals should equal 100%).
 - Associate's degrees
 - Total bachelor's degrees
 - Bachelor's majors (optional)
 - Bachelor's in accounting
 - Bachelor's in finance
 - Bachelor's in other business-related field
 - Bachelor's in other field
 - Total master's degrees
 - Types of master's (optional)
 - MBA
 - Master's in accounting
 - Master's in finance
 - Master's in other business-related field
 - Master's in other field

8. Five years from now, what do you anticipate the degree breakdown of your U.S. accounting and finance new hires will be? (Totals should equal 100%).
 - Associate's degrees
 - Total bachelor's degrees
 - Bachelor's majors (optional)
 - Bachelor's in accounting
 - Bachelor's in finance
 - Bachelor's in other business-related field
 - Bachelor's in other field

Total master's degrees

Master's type (optional)

MBA

Master's in accounting

Master's in finance

Master's in other business-related field

Master's in other field

9. For current accounting hires, please select the three most important technical competencies out of those listed below:

Current accounting regulations

International Financial Reporting Standards (IFRS)

Control processes

Cost accounting

Organization/process performance evaluation

IT systems

Tax

10. For current accounting hires, please select the three most important professional skills out of those listed below:

Ability to identify and solve unstructured problems

Capacity for inquiry, research, and analytical thinking

Verbal communication

Written communication

Ability to withstand and resolve conflict

Self direction to manage personal learning

Professional demeanor

Ability to anticipate and adapt to change

Understand the environment that influences decisions and the expectations of ethical behavior

Professional skepticism

Ability to identify and analyze the social cost and benefits of decisions in the global marketplace

11. Please select the three most important technical competencies out of those listed below you think will be most important in five years' time.

Current accounting regulations

International Financial Reporting Standards (IFRS)

Control processes

Cost accounting

Organization/process performance evaluation

IT systems

Tax

12. Please select the three most important professional skills out of those listed below you think will be most important in five years' time.

Ability to identify and solve unstructured problems

Capacity for inquiry, research, and analytical thinking

Verbal communication

Written communication

Ability to withstand and resolve conflict

Self direction to manage personal learning

Professional demeanor

Ability to anticipate and adapt to change

Understand the environment that influences decisions and the expectations of ethical behavior

Professional skepticism

Ability to identify and analyze the social cost and benefits of decisions in the global marketplace

13. Approximately how many accounting FTEs (full-time equivalents) are currently outsourced domestically? Offshore?

14. Approximately how many accounting FTEs (full-time equivalents) will be outsourced in five years domestically? Offshore?

15. What are the major reasons for changes in the amount of outsourcing?

16. Please list the strongest attributes of your newly hired accounting and finance employees:

17. Please list the primary development needs of your newly hired accounting and finance employees:

Chapter 7: Constructing a Foundational Body of Knowledge

Initial Step: Assembling Accounting Competencies

Recommendation 4 advocates creation of a task force, led by educators and including broad representation across disciplinary areas and practice, to engage the community in defining the foundational body of knowledge for accounting. This would be a first step to organizing constructs that can serve as a starting point for faculty working to build vibrant accounting programs and curricula across educational institutions and institutional missions.

During 2011, a Pathways Commission task group collected and organized core competency and skills models from across a number of accounting organizations to inform the Commission's discussions of curriculum and professional development. This work is included here as a starting point for conversations about development of an accounting body of knowledge.

To view the entire chapter, including all detailed tables, please go to the Pathways Commission website, www.pathwayscommission.org.

Collation of Core Competencies Across Accounting Organizations

Overview

Virtually everyone and every organization is a user of accounting information. Users include the general public relying on publicly available information, investors or shareholders evaluating financial results, creditors making lending decisions, management making business decisions, and regulators responsible for oversight. Some users are also employers. They may be privately or publicly owned businesses, not-for-profit entities, governmental bodies, or public accounting firms. While the specific organization and type of information may vary, the reliability of its accounting information is dependent upon the quality of the people who work within the accounting profession.

Accountants typically hold vital positions of trust with professional responsibilities to both internal and external users. Fulfilling those responsibilities requires technical competency and professional integrity. Competence entails more than technical knowledge. To be competent, an

accountant must possess both technical knowledge and professional skills, such as the ability to apply knowledge in making reasoned judgments and to communicate effectively. Additionally, accountants must act with integrity by recognizing their broad professional responsibility to all users of financial information and by making ethical decisions in conjunction with that responsibility. Integrity demands ethical action based on professional values. These characteristics of technical knowledge, professional skills, and integrity form the framework of competency needed by current and future accountants.

Competencies

In evaluating accounting competency, the Pathways Commission reviewed information from multiple sources, including the IFAC, the NASBA, the AICPA, the IMA, and the IIA, among others. A complete listing appears on the Pathways Commission website at www.pathwayscommission.org. Various research papers, articles, and certification exam content were consulted. The information was accumulated, compared, and used as a foundation to develop recommendations for the components of accounting competency in three divisions: technical knowledge; professional skills; and professional integrity, responsibility, and commitment. A table is presented for each division, and each listed item is followed by number(s) within parentheses. These numbers identify the specific source summarized in the “competency information from sources” section.

Technical Knowledge

Knowledge topics for accounting can be diverse given the many possible areas of specialization. All of the reviewed sources included multiple topics of technical knowledge, and a comprehensive listing is not practicable. Therefore, the table of technical knowledge is not intended to be fully inclusive of all possible topics. It is intended, however, to be a guide for topics considered technical knowledge. The technical component of knowledge is constantly changing. New accounting standards may be adopted, laws altered, and new technologies developed. As a result, knowledge is likely to become obsolete over time. To remain competent, individuals must maintain the currency of their knowledge. Therefore, competency also requires a commitment to lifelong learning.

Professional Skills

Effectively applying knowledge requires professional skills. Sources classify skills in different ways, but all consider practice skills as important to building competency. Some of these skills can be learned in the classroom. Others may be best learned in a practice setting.

Professional Integrity, Responsibility, and Commitment

Most sources include a requirement relating to ethics, values, or integrity. IFAC's International Accounting Educations Standards Board includes a component titled "professional values, ethics, and attitudes" (International Federation of Accountants 2009). In International Education Standard (IES) 4, IFAC states,

Professional values, ethics, and attitudes need to be treated in their own right within the education framework. If future professional accountants are to perceive professional values, ethics, and attitudes as important to their work, it is essential that they do not perceive the treatment of professional values, ethics, and attitudes as peripheral to their main education programs.

The Pathways Commission expands this concept to more broadly recognize that ethical behavior is also founded on integrity, responsibility, and commitment to the profession's broad societal and economic purposes. Education can enhance these characteristics and build skills in ethical decision making and responsible judgment.

Future Outlook

As accounting and business evolve, the required knowledge and skills will also change. Adoption of more principle-based standards will require more judgment. More judgment may lead to a wider variability in decisions and, possibly, increase the risk of litigation. At the same time, pressures to conform to economic forces may increase. Measurement issues and fair value calculations may enhance financial reporting, but they are also more subject to manipulation. Therefore, responsible judgment becomes even more important as does ethical behavior consistent with the accounting profession's responsibilities.

Complex business transactions and globalization continue to change the business environment. Additionally, technology's rapid development introduces new opportunities and challenges. Enhanced technological skills are increasingly important for businesses' success and, therefore, for future accountants. Fraud control, risk management, and specialized skills will be needed. Regulation will certainly evolve and be complicated by global operations. All of these changes increase the need for both knowledge and skills that meet the changing environment. As a result, the importance of lifelong learning is magnified.

Some of the factors increasing the need for professional skills also increase the demand for the skilled professional. Globalization, complexity of information, and enterprise risk are only a few of those factors. Clearly, the strength of the economy is a primary determinant of need. As the economy grows, the need for accountants will grow as well. Additional opportunities for accountants could arise from the increasing scrutiny on business, triggering a greater focus on transparency and accountability.

The Department of Labor predicted a much-faster-than-average growth in employment in its *Occupational Outlook Handbook (2010-2011)*:

Employment change. Employment of accountants and auditors is expected to grow by 22 percent between 2008 and 2018, which is much faster than the average for all occupations. This occupation will have a very large number of new jobs arise, about 279,400 over the projections decade. An increase in the number of businesses, changing financial laws and corporate governance regulations, and increased accountability for protecting an organization's stakeholders will drive job growth.

The opportunities may be further enhanced for those with certification(s), advanced degrees, and specialized expertise.

Reflections

While the purpose of this section is to identify competencies needed by future accountants, specific competencies will depend on the specific role(s) held by each individual. Further, the desired performance level for the competency varies by role. For example, managerial skills are more important for someone managing an engagement than for a member working on the engagement team. Although identifying competencies and desired performance levels for alternative career paths are beyond the scope of this report, the development of such a competency map would benefit both accountants and their employers. Accounting education, whether in the classroom or postgraduation, could be better targeted for the desired goal.

Clearly, future accountants must learn more than technical knowledge. To be successful, accountants should develop professional skills and the ability to act ethically in difficult situations. It is the integration of knowledge, skills, and ethical action that form competency and fulfill the accounting profession's responsibility to society. The commission makes these statements understanding that not everyone who is an accountant is required to act ethically. It is a fact that there are very few consequences from the profession or regulators for those persons who act unethically and are not licensed or members of a professional body that have a code of ethics.

To view the entire chapter, including all detailed tables, please go to the Pathways Commission website www.pathwayscommission.org.

References

International Federation of Accountants. "International Accounting Education Standards Board." 2009. <http://web.ifac.org/publications/international-accounting-education-standards-board>.

U.S. Department of Labor. "Bureau of Labor Statistics Occupational Outlook Handbook 2010-2011 Edition. 2010. <http://www.bls.gov/oco/ocos001.htm>.

Chapter 8: Historical Context for Changes in Accounting Education

Overview

Base Historical Educational Change Document

As mentioned previously, the focus of the Pathways Commission activities was to engage faculty and professionals in examination of and debate about how accounting education and practice can work together to address future challenges and opportunities. This project was significantly enabled by the in-depth and thoughtful efforts of previous studies on the issues and challenges facing accounting education. These efforts were highlighted for the Pathways Commission in a summary narrative describing the history of accounting education change efforts called “The Development of Accounting Education,” written by Bill Black, which can be found on the Pathways Commission website, www.pathwayscommission.org, under the caption “background documents.”

Issues in Accounting Education (Forthcoming) Article

(“The Activities of the Pathways Commission and the Historical Context for Changes in Accounting Education” is forthcoming in Issues in Accounting Education)

Abstract

The Pathways Commission examined accounting education in the United States in response to a recommendation from the U.S. Treasury Advisory Committee on the Auditing Profession. This paper summarizes the Pathways activities and process during 2010 and 2011, and sets forth a historical context to help understand the recommendations for change in accounting education over the last several decades.

To view the full article, please go to the Pathways Commission website, www.pathwayscommission.org.



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