

PATHWAYS COMMISSION SEEKS IMPROVEMENTS IN ACCOUNTING EDUCATION TO MEET GROWING DEMANDS OF ACCOUNTING PROFESSION

Maria L. Bullen, Clayton State University, Morrow, GA 30260, MariaBullen@Clayton.edu

Gregory S. Kordecki, Clayton State University, Morrow, GA 30260, GregKordecki@Clayton.edu

PURPOSE AND SPONSORSHIP OF PATHWAYS COMMISSION

The Commission on Accounting Higher Education: Pathways to a Profession, commonly referred to as the Pathways Commission, was recently jointly formed by the American Accounting Association (AAA) and the American Institute of Certified Public Accountants (AICPA) for the purpose of studying potential future higher educational paths of students preparing for entry into the accounting profession. As noted in a recent news release of the AICPA (PR Newswire, August 3, 2010) the need for the Pathways Commission is mandated from forces affecting accounting education, including the shortage of qualified instructors with accounting doctorates, the need to regularly revise the accounting curricula to keep up with fast-paced business changes, and the need for specialized training to meet the demands of the accounting profession.

The Pathways Commission describes itself on its homepage available at the AAA Commons site (Pathways Commission, 2011) as “Charting a National Strategy for the Next Generation of Accountants,” and states that the “Commission will identify, explore and establish a national higher education strategy for the accounting profession broadly defined. The Commission’s activities also will be guided by the social purpose of accounting to consider the information right of capital providers, particularly individuals who are the core source of property at risk in the marketplace, as well the economic purpose of accounting, to provide timely information to those who are the decision makers employing and directing the use of such resources.”

TIMELINE OF COMMISSION’S ACTIVITIES

As noted in *Accounting Education News* (American Accounting Association, 2010), the official kick-off for the Pathways Commission was a panel session on August 3, 2010 at the AAA Annual Meeting in San Francisco. The Commission convened its first formal meeting on October 15 - 17, 2010 in Washington, D.C. An all day public meeting in Atlanta on February 26, 2011 convened to hear and evaluate thoughts and ideas submitted by interested individuals and organizations. Both co-authors of this paper attended this meeting. The Commission organized a Webinar in March 25, 2011, met on June 10, 2011, planned Webinars on June 27, 28 and 29, and meetings on September 16-18, 2011 in Knoxville, Tennessee and on November 4-6, 2011 in Atlanta Georgia. The Commission’s goal is to create a final report in 2011.

U S. TREASURY ADVISORY COMMITTEE ON THE AUDITING PROFESSION PROVIDED IMPETUS FOR FORMATION AND GOALS OF PATHWAYS COMMISSION

According to the Pathway Commission Homepage, as well as reports by the American Accounting Association (2010) and AICPA (2010), the U.S. Department of the Treasury Advisory Committee on the Auditing Profession (ACAP) identified in its October 2008 report

contemporary forces affecting human capital requirements for the broader accounting profession. Among the Treasury Advisory Committee's recommendations was that the AAA and AICPA form a commission to study the future structure and content of accounting education. A major purpose of the Pathways Commission is to fulfill the goals of those recommendations, and consider the Treasury Advisory Committee's human capital recommendations.

NEED FOR COMMISSION'S GOALS TO IMPROVE ACCOUNTING EDUCATION AND THE ACCOUNTING PROFESSION FOR ALL STAKEHOLDERS

Comments of Barry Melancon, CPA, AICPA president and CEO

In the AICPA news release (PR Newswire, August 3, 2010) Barry Melancon, CPA, AICPA president and CEO, who served on the Human Capital Subcommittee of the U.S. Treasury Advisory Committee on the Auditing Profession, noted "Interest in accounting as a career is the highest it's ever been and underscores the need to make sure the educational infrastructure remains solid and able to meet the profession's evolving requirements." As noted in the release, "The importance of public, private, governmental, and not-for-profit accounting information to the functioning of the economy cannot be underestimated, according to the AAA and AICPA." The accounting profession produces, analyzes, interprets and prepares reports about financial and operation information, and stakeholders rely on accounting information to make crucial decisions.

Joint Efforts of AICPA and AAA in Pathways Commission –Comments of Gary Previts

Gary Previts, Ph.D., CPA, Professor of Accountancy at Case Western University and chair of the Treasury Committee's Human Capital Subcommittee, emphasized the joint involvement of the AAA and AICPA in the Pathways Commission, as well as the necessity for preparation of a wide range of members of the accounting profession. He notes in the AICPA news release (PR Newswire, August 3, 2010) "As an educator and member of both organizations, I'm encouraged that the AICPA and AAA are working together to ensure that the accounting profession remains a robust and essential profession. We need to ensure that everyone 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, is prepared to meet the information needs of the public, organizations, lenders and the capital markets, thereby protecting the public interest."

COMMENTS OF PATHWAYS COMMISSIONS CHAIR BRUCE BEHN

Commission's Supply Chain Approach

In a recent interview reported in the *Journal of Accountancy* (October, 2010), Commission Chair Bruce Behn, Ph.D., CPA, Ergen Professor of Business at the University of Tennessee, who has served in leadership positions in the AICPA, AAA and Federation of Schools of Accountancy, discussed his thoughts and impressions about the Commission, as well as some of the issues and opportunities on the Commission's agenda. Behn noted that although there are a number of organizations and individuals that impact the accounting education pathway, rarely do they collaborate to address the tough issues affecting all parties in the supply and demand sides of accounting. The Commission's supply chain approach is a way to facilitate

the needed interaction by engaging in a broad group of stakeholders in the accounting supply chain to tackle together the issues cutting across functional boundaries, and identify issues that need work. The Commission is seeking broad input, for example through invitations to its first public meeting on February 26, 2010 (which the co-authors of this paper are planning to attend) and by seeking broad input from comments and discussion encouraged on the Pathways Commission Homepage.

In the interview Behn noted that to have a good academic community, members are needed from different backgrounds, noted that he himself worked for a number of years before going into academics. He praised the Accounting Doctoral Scholars Program (ADS) administered by the AICPA Foundation and funded by more than 70 firms and 40 state CPA societies, and the Bridge Program administered by the Association to Advance Collegiate Schools of Business (AACSB). However he noted that everyone has a different perspective, and that even when we are doing good things, it is not broad enough. Again in comparing the accounting to the medical profession, Behn indicated that whereas it is imperative that researchers in the medical profession work together to solve medical issues, in the accounting discipline the research and practice sides can sometimes seem disconnected.

In the *Journal of Accountancy* (2010), interview Behn noted that the Commission is actually getting over a hurdle if it gets a broadly representative group of people talking at the same table about the same issues and opportunities. He states “The best-case scenario is we have a structure in place so that this momentum can continue, because our profession and its needs are going to change.” He went on to say that “After the first stage, there are plans for a second stage that would operationalize the recommendations from stage one. But I think just having all the different stakeholders represented in the supply chains is really going to be a big contribution to this entire process.”

In another interview, Behn has made similar comments. For example as noted in the AICPA news release (PR Newswire, August 3, 2010) he said will be innovative in several ways. He states “First, we plan to seek input from the full spectrum of the accounting community in our deliberations. We will use a ‘supply chain’ approach. Members of the supply chains will include individuals and representatives from organizations that impact the various current accounting education pathways. Our goal is to facilitate an open, transparent discussion to be supported by both technology and public discussions. Second, the Commission recognizes the difficulty of sustaining the momentum for change in the dynamic environment of accounting practice and education. The Commission’s efforts are structured to continue into the future.”

In the AICPA *Accounting Education News and Publication* report on the Pathways Commission (2010) published on its website, Behn was quoted as saying “For the first time in history we have assembled all the key players in accounting education; high schools, community colleges, universities, corporations, regulators and CPA firms. Everybody is at the table. What we are looking for is input on how we prepare students to become accounting professionals in a modern marketplace. We are interested in strategic questions: How do we attract diverse talent and retain people through their career paths? What should the educational pathways be for accounting? What are those pathways now and what should they look like in the future?”

No Real Current Structure of Accounting Education

In the *Journal of Accountancy* interview (October, 2010), when asked about the current structure of accounting education, Behn replied that there really is not one structure because states have their own regulators, colleges and universities have different missions and different graduation requirements, and students from these schools enter may different accounting roles, resulting in variability in how students define themselves as accounting professionals. When asked if a good first step would uniformity, Behn replied “Not uniformity, but a better understanding, development and communication of different potential pathways to the accounting profession. By analogy, in the medical profession, there have to be different pathways for an individual to become a neurosurgeon, as opposed to a primary care physician. In the same way, there could be different pathways to becoming a public company auditor versus a controller, versus somebody who works in government.”

Need for Diverse Accounting Profession

In the same interview Behn also emphasized that if the accounting profession is going to be successful, we as an accounting profession cannot look the same in 20 years, but must have a diverse profession, because the companies and organizations we work with are diverse. Behn believes that anything that can be done regarding this issue will be addressed by the Commission. He noted that for example the Commission’s supply chains included representatives for the Association of Latino Professionals in Finance and Accounting (ALPFA) and the National Association of Black Accountants (NABA).

Importance of Starting Early to Attract High Potential Accounting Professionals

In the interview Behn noted that our profession offers a great many careers and spoke of the importance of enhancing our profession by articulating this to high schoolers and college undergraduates. According to Behn, “If together we have a more clear and compelling story about the pathways to the accounting profession and start telling people this, especially at the high school and maybe grade school level, we will have more opportunities to attract high-potential candidates into our profession.”

“Gathering Storm” Report’s Chair Emphasized Importance of Commission’s Work

Behn also mentioned in this interview that he had an opportunity to talk with Norm Augustine, the former CEO of Lockheed Martin who chaired the committee which produced the Gathering Storm report, “Rising Above the Gathering Storm: Energizing and Employing American for a Brighter Economic Future,” The report, which has an Executive Summary on the Pathways website, examined how quality of life in the United States could be threatened by lack of innovation and this job creation resulting from falling behind the world in math and sciences. Behn said that it was nice to hear Norm Augustine say “You actually have a better argument than we did for doing this type of work, because accounting is critical to the quality of life in the United States. Without your accounting information, none of these systems would work.”

MEMBERS OF PATHWAYS COMMISSION

As noted in the AICPA news release (PR Newswire, August 3, 2010), and mentioned above, the Pathways Commission Chair is Bruce Behn, Ergen Professor of Business at the University of Tennessee. The other members are William Ezzell, National Managing Partner-

Legislative and Regulatory Relations, Deloitte LLP; Leslie Murphy, President and CEO, Murphy consulting, Inc.; Judy Rayburn, Chair, Department of Accounting Carlson School of Management, University of Minnesota; Jerry Strawser, Dean and KPMG Chair in Accounting, Mays Business School, Texas A&M University; and Melvin Smith, Dean, Whitman School of Management, Syracuse University.

PATHWAYS COMMISSION RECEIVING INTERNATIONAL ATTENTION

The Pathways Commission has received international attention. According to an report in the *Accountant* (Anonymous, 2010) published in London, the Pathways Commission is considering ways to make education paths leading to accounting qualification in the U.S. more flexible and effective. The British report noted that the Commission's recommendations may address a shortage of qualified account PhDs, the need to regularly revise curricula to keep up with the fast pace of business changes, and problems with university budget constraints that threaten to increase education costs to prohibitive levels.

INVITATION TO THE PUBLIC TO PARTICIPATE IN PROVIDING INPUT ON HOW BEST TO PREPARE STUDENTS FOR ACCOUNTING IN MODERN MARKETPLACE

The Pathways Commission is seeking public comment and recommendations on future paths of higher education for the accounting profession for its public meeting in Atlanta, GA, on February 26, 2011 at the Marriott Gateway Atlanta Airport Hotel. The meeting is open to the public. Both co-authors of this paper are planning to attend the full-day meeting and share firsthand knowledge of the meeting proceedings with participants of the Southeast Regional American Accounting Association meeting. The Commission has noted (Pathways Commission, 2011) that involvement is critical and that their goal is to generate engagement with the broad community in the accounting education process, with priority on involving perspectives from across the "supply chain" of the path through education to practice. The Commission stated that they are "looking for input on how best to prepare students to practice, think about, and understand critical issues in accounting in the modern marketplace," and listed some of the questions and issues that will be discussed as follows:

- What is the value proposition for a broadly defined accounting profession?
- Who/What are our current/future markets for accounting information and professionals?
- What are the skills that future accounting professionals will require?
- How do we attract adequate numbers of high potential, diverse students/talent into the accounting profession and retain these students throughout their educational and professional pathways?
- What should be the accounting educational pathways?
- How do we eliminate structural impediments or better align existing systems to enhance effective accounting education?"

FUTURE DIRECTIONS OF CURRENT PAPER

As previously mentioned, both co-authors of this paper attended the Pathways Commission's full-day public meeting in Atlanta on February 26, 2011. At the 2011 SEINFORMS Conference, the co-authors will have the opportunity to share the Commission's activities and outcomes, as

well as provide an overview of some of the feedback received from various constituents and posted on the Pathways Commission website related to this and other Commission activities and meetings.

REFERENCES

American Institute of Certified Public Accountants. (August 3, 2010). *American Accounting Association and AICPA Create Pathways Commission to Study the Future of Accounting Education*. New York: PR Newswire.

AICPA Accounting Education News and Publications. (2010). Retrieved February 2011, from The Pathways Commission, The Commission on Accounting Higher Education: Pathways to a Profession, Charting a National Strategy for the Next Generation of Accountants: <http://www.aicpa.org/InterestAreas/AccountingEducation/NewsAndPublications/Pages/PathwaysCommission.aspx>

Augustine, N. (2010, October). quoted in *Journal of Accountancy* interview with Bruce Behn. *New Pathways to Accounting Excellence* . AICPA.

Anonymous. (2010, August). Commission looks to overhaul US Education. *Accountant* , p. 3.

American Accounting Association. (2010). *Pathways Commission*. Sarasota, Florida: Accounting Education News 38.3.

Behn, B. (2010, October). New Pathways to Accounting Education in *Journal of Accountancy*. (P. Bonner, Interviewer).

Behn, B (2010, August 3). Quoted in American Accounting Association and AICPA Create Pathways Commission to Study the Future of Accounting Higher Education. *PR Newswire* . New York: AICPA.

Bonner, P. (2011, May). Pathways Commission Forges Ahead. *Journal of Accountancy*, pp. 30-31.

Melancon, B. (2010, August 3). Quoted in American Accounting Association and AICPA Create Pathways Commission to Study the Future of Accounting Higher Education. *PR Newswire* . New York: AICPA.

Pathways Commission. (2011). *Pathways Commission Homepage*. Retrieved February 2011, from American Accounting Association Commons: <http://commons.aaahq.org/groups/2d690969a3/summary>

Pathways Commission. (2011). *Pathways Commission Announcement of Public Meeting*. Retrieved 2011, from Pathways Commission Announcement of Public Meeting February 23, 2011: <http://aahq.org/PathwaysPublicMeeting.pdf>

Previts, G. (2010, August 3). American Accounting Association and AICPA Create Pathways Commission to Study the Future of Accounting Higher Education. *PR Newswire* . New York: AICPA.