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THE CHANGING LANDSCAPE OF HIGHER EDUCATION

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- Accountability
- Efficiency
- The road ahead and implications for the accountancy profession



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Thank you for the opportunity to provide a bit of insight into things that are happening in both higher education (in general) and accountancy programs (specifically).

I am here representing the American Accounting Association – the largest academic accounting organization in the world – with over 8,000 members (including about 6,500 academics and 1,000 accounting professionals). And I bring greetings from our president, Greg Waymire (from Emory University), Tracey Sutherland (our executive director) and the Executive Council.

As Michael indicated, I am president of the Accounting Programs Leadership Group – a section of the AAA made up of department chairs and graduate program directors.

With over 350 members, our mission is to promote excellence in accounting programs and develop the leaders of those programs.

In the next few minutes, my hope is that I can paint a picture of where we are, where the road ahead is leading, and the opportunities that exist for us.

Although it is safe to say that we are in a period of great transitions – on a number of levels – overall, I believe the future is as bright as it has ever been for accounting higher education – provided we embrace the changes that are confronting us and are creative in our approaches to the changes.

Coming back to my role as president of APLG – there is no question that accounting department chairs are being asked to do much different things today than they were just a decade ago.

And we need to make sure that the leaders of our programs are prepared to confront the challenges that we face today (and those we will face in the future).

My hope is that accounting program administrators and accounting faculty will respond creatively to the challenges ahead.

I know that the younger faculty around us are some of the most talented individuals I have ever met – so our future is in good hands. But that hope is tempered by the realities that face us.

With that in mind, I'd like to focus my comments on three items:

First: two items that confront the academy – accountability and efficiency.

And then, a brief discussion of the road ahead – including implications for the profession and how we in the academy are responding.

ACCOUNTABILITY

Accountability – now there is something you might not be expecting to hear from an academic.

Or someone working in a government unit.

Now I happen to be on the faculty of a public institution – a large regional university with a significant research footprint. But this notion of accountability applies across the entire higher education landscape.

As you have likely read, today, there is a much more questioning of the value of higher education;

whether the cost is justified;

whether significant lifetime earnings accrue to those with a college degree vis-à-vis those with a high school degree;

whether the public should continue to fund public colleges and universities at the same levels as in the past (and, in general, public support for higher education has been level or falling over the last decade).

In the midst of this debate, something very good (in my opinion) has been going on within the university.

Stakeholders (including parents, students, alumni, employers, and administrators) are asking faculty to look at “outcomes” rather than “inputs”.

In other words, if the faculty control the curriculum, then what are the expected outcomes of a student proceeding through the curriculum?

And, how do we know that a student emerging from our program learned what was expected?

Is it measurable? Can you document it?

Further, can you demonstrate that there is improvement over time?

The notion of establishing **learning goals** (what we want our students to be) and **learning objectives** (what our students can do) has become a large part of what we do.

The idea of identifying measurable objectives, documenting our work, reflecting on how we are doing, and then turning those reflections into changes in our courses and programs is making a difference.

The notion of continuous improvement is slowly being ingrained into the curricula of business schools – and accountancy departments – across the country.

NOTE: not all “benefits” can be measured

STORY ABOUT OUR FACULTY – from a voice of one to a committee to grand debates each year as faculty hear the report (in the Spring semester) from our Assurance of Learning Committee.

Before long, I believe that stakeholders will also demand that this information be displayed in a way that allows comparisons across programs – allowing all to see exactly how well we are doing – and how we are improving.

In addition, this notion of accountability is being expanded into the research we produce. Questions are being asked about the relevance of our research. Is it benefitting the profession or policy-makers?

These questions have the ability to make us better and allow us to specifically demonstrate to our stakeholders the value of our efforts.

EFFICIENCY

As I alluded to earlier, the cost of higher education has been increasing significantly over the past decade. When I visit our alums, I hear stories about them paying \$300 for a semester (and that was tuition, fees and books). Things are much different today. And it is reasonable to ask why.

Being part of a public university, certainly the reduced commitment of resources from the state are part of that equation. But there are other reasons as well.

Opportunities in business (including increasing compensation) attracted – and retained – talent over the past 15 years . . . including some talent that would otherwise have considered a career in the academy.

A shortage of talent entering Ph.D. programs – coupled with increases in business enrollments (and additional faculty lines) – led to significant increases in starting salaries (and salary inversion for more senior faculty).

The good news – at least from an accounting perspective – is that the profession stepped in to lend a hand. The Accounting Doctoral Scholars program is in the final stages of placing about 120 new Ph.D. candidates in audit and tax in doctoral programs during a four-year period.

And, the great recession is causing some of our senior faculty to delay their retirement plans – so not only are we not losing talent as quickly, but those senior faculty will be

around to mentor the new faculty who are joining us – and that is a great benefit for the accounting academy.

But as the cost of higher education increases – for whatever reason – the questions of how to increase efficiency are being asked.

In a recent book, “Why Does College Cost So Much?” authors Robert Archibald and David Feldman attempt to provide a framework for the issue.

In their opinion, rising college costs are an important byproduct of broad economic forces that have reshaped the entire economy – particularly, technology.

First, like many personal services, including much of health care and the law, higher education remains essentially an industry of artisans – places where technological progress has not reduced the number of hours needed to “produce” the service.

Second, higher education relies on a highly educated labor force. Starting in the late 1970s, the cost of hiring highly educated people began a sustained rise. This has also driven up costs.

Finally, technological change affects higher education directly – by changing what we do and how we do it.

Universities must offer an education that gives students the tools they need to succeed in the modern economy. And, that means that universities must be first adopters of these new technologies – which also increases cost.

Although these are reasonable arguments, my instinct tells me that we will need to find ways to reduce our costs – and as student debt continues to increase, there will be increasing pressure on us to do this.

And, I believe that technology – rather than being a “cost” – actually holds great promise for us in the years ahead.

THE ROAD AHEAD

So with that as context, what does the road ahead look like?

The Pathways Commission continues its work. Under the leadership of Bruce Behn, from the University of Tennessee, the Commission – aided by NASBA representative Melanie Thompson – is moving towards releasing a final report next year.

I asked Bruce to summarize some of the discussions to date – and although there are no answers yet, he identified the following issues facing the Commission:

First, the Commission feels that it is important to bring accounting practice, education and research closer together.

Second, educators and those in practice need to develop the ability to change quickly (both structurally and in terms of skill sets) to respond to rapidly changing, complex global business environments, and understand the impact of that on education pathways.

Third, in both practice and education, business issues and opportunities occur as part of an integrated process. Accounting curricula need to mirror that process, becoming more integrated, providing context, and focusing on decision making where accounting provides key information.

Fourth, educators – and maybe the profession – are behind in understanding how technology is changing our world.

If we don't watch out, accounting's current role in providing critical business information and its interpretation could become irrelevant.

In addition to developing a "value proposition for the accounting profession," the Commission is also talking about the possibility of developing a "signature pedagogy" for accounting – a distinctive approach or method of instruction unique to accounting.

Another issue we face is attracting high-quality/high-performing students into our programs.

As many of you know, there is increasing emphasis in our elementary and secondary education on the STEM subjects: science, technology, engineering, and mathematics.

During the years ahead, we must work to ensure that we are able to encourage some of the best and brightest high school and college students to pursue a career in accountancy.

How might we do that?

One way might be to offer students the opportunity to see accounting from a different perspective.

At Northern, we use something we call "accounting-in-context" trips.

Many of us have fond childhood memories of the Hidden Picture puzzles in *Highlights Magazine*.

In fact, we use online picture puzzles in conjunction with the COSO Enterprise Risk Management (ERM) Framework to frame students' curiosity about the role of accounting in organizations. We believe this framework provides clues for students to develop their business acumen.

To test their skills, we take our students to iconic Chicago venues like Soldier Field, or the Shedd Aquarium, or the Field Museum.

There, the students meet with facility management, tour the venue and work in groups to identify key accounting and risk issues associated with operating the venues.

The students then present their ideas to the CFO and accounting team for feedback and discussion. Our goal is to help students broaden their view of the profession and recognize the value of accountants as business advisors.

Given the feedback from our students, we are considering opening these trips to freshman and sophomore business majors and high school business classes – enabling us to reach more students with the message that “accounting matters”.

In our graduate accounting leadership class, we talk about how accounting stereotypes can limit the roles accountants play in organizations and we challenge students to avoid using those stereotypes as justification for staying in their “comfort zones.”

So, as part of that class, we take students to The Second City in Chicago, for a workshop on communication.

The Second City is known globally as the cradle of improvisational sketch comedy, and they proudly include Dan Aykroyd, John Belushi, and Tina Fey among their alumni.

Their communication division, however, focuses on transferring improvisational skills into effective business communication tools and techniques. Our students participate in a half-day workshop designed to push their communication skills beyond self-limited expectations.

The culmination of the workshop requires student teams to create an accounting infomercial that sells accounting services on a cable network.

The infomercials require a catch phrase, a jingle (sung by the students), the impersonation of a celebrity spokesperson, and a skit that includes all team members.

Talk about breaking the stereotype.

Students arrive anxious (and somewhat scared), but leave with a new sense of confidence and with the experience of performing on the main stage at The Second City.

Finally, it is critical that our students develop a global mindset.

In a recent Robert Half survey of 1,400 U.S. chief financial officers, 71 percent of respondents said international experience will be necessary for accounting and finance professionals five years from now.

Consider the skill set required to meet these new demands.

Employers want individuals who can add value in a globalized, increasingly interrelated business environment.

Global awareness encompasses versatility, cultural sensitivity and the ability to work with accounting professionals from other cultures.

Modifying our curricula to include intentional global opportunities (or courses dealing with these issues) will be critical for the profession in the years ahead.

CONCLUSION

As with anything in life, challenges always lead to opportunities for those who are willing to take the risk.

As I look at the accounting professoriate today – and the technical expertise and creativity of these individuals – I am confident that the caliber of the students emerging from our programs will serve the profession well.

Thank you for allowing me this time – in the midst of a very important and well articulated agenda.

I trust my comments leave you with a little better picture of the challenges we face in higher education and some of opportunities that are available to us.

Finally, thank you for your efforts on behalf of our students – and all candidates desiring to become CPAs. We sincerely appreciate the time and effort you devote to the profession.

I trust the balance of your time together here in Nashville is insightful and beneficial to your important work.