The Future of Accounting as a Subject in a Business School: A literature Review

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ABSTRACT

For the past four decades we have witnessed accounting as the mastermind behind nearly all business decisions – national and international. In fact, accounting is a business where most of the time is spent in face-to-face communications exploring business strategies and positioning. In recent years, accounting education has been under attack and pressure to change its current teaching methods. The Accounting Education Change Commission (AECC) has been a leader in calling for change. They, and others in the accounting profession, have issued statements addressing the structure and objectives of accounting principles courses. These statements have stressed the need for innovative teaching approaches and the importance of incorporating active learning into accounting principles courses. In addition, AECC called to increase the acceptance of international accounting standards and use of computer in accounting education as well as shifting accounting education lecturers' focus from what they teach to what the students learn. This may prepare students to become lifelong learners and keep them aware of the latest developments and enable them to adapt to these developments. This paper aims to uncover suitable criteria for the design and improvement of accounting program and curriculum. More specifically, the goal is to investigate the perilous future of accounting education and discover issues that need to be addressed to improve the learning style and accounting practice.

Keywords: Accounting education, Learning style, Accounting practice,
other, and accounting information makes that possible (Watson, et al., 2007). It serves many important purposes for accounting education, for instance, helping users in making critical decisions relevant to the effective allocation of scarce resources. As indicated by Hines (1988), accounting has a long history, it has been seen as being socially constructed and practiced by people for people and, therefore, it has more of an art rather than a science. Unlike other professions, which have a body of theoretical knowledge to depend on to make decisions, accounting has evolved as a craft with few rules and little to no theoretical knowledge underpinning its practice and function (Pfeffer, et al., 2002).

The purpose of this study is to examine the importance of accounting as a subject in a business school in the future. The study found that most students did not have the knowledge of accounting practice before joining the university, but after joining the university they realized the importance of accounting practices. The paper is organised as follows: the next section describes the research methodology. It is then followed by background and discussion of accounting education issues. This will give brief information about the accounting subject, which is being taught in business schools. Finally, conclusions, limitations and further research are presented in the study.

**RESEARCH METHODOLOGY**

The paper reflects on a literature review, with special focus on empirical reports and institutional studies like those prepared by the American Accounting Association (AAA), the Institute of Management Accountants (IMA), and AICPA, but also including academic articles and online information on accounting education. These reports and studies were jointly focused to write a high-level thought out piece, supported by evidence where possible, about the future of accounting education. The researcher discusses the literature’s principal findings and exhorts accounting practitioners to become actively engaged in supporting fundamental reform in accounting education.

The method followed, entailed a literature review to determine general trends in education and to discuss issues related to the perilous future of accounting education and how these anticipated risks can be avoided to attract more students in a first-year accounting course. This depends on substantive changes to the current educational model.

**BACKGROUND AND DISCUSSION OF ACCOUNTING EDUCATION ISSUES**

Over the past decade, accounting has changed, not just within the existence of the field; it has also witnessed the extending of it as a major or study. Accounting is one of the oldest professions. We can see an immense difference between accounting in the past compared to our daily accounting in the way accounting information is organized. Lack of technology also influenced the ability to organize accounting information in the past (Watson, et al., 2007).

**Prior literature**

The accounting research which has been conducted in the past is not innovative enough and also its findings are detached from the accounting practice and society (Shaftel, et al., 2005). There has been an apparent gap in the accounting research and practices and there is an argument that the accounting research should focus upon improving accounting practices rather than simply understanding or describing, or criticizing the practices (Rezaee et al., 2006). There is a need in identify the impact
accounting research will have on the accounting practices and links should be established between research output, practice, and social impact.

Many researchers studied the situation of accounting education, and its efficiency and all agreed on the existence of the gap between accounting education and career (Bierstaker, et al., 2004). They also indicated that accounting education does not meet demands of the enterprises. In addition, a number of studies addressed the role of universities and accounting institutions in closing the gap between accounting education and career. They agreed about the effect of the types of courses and lessons which are provided to the students and they agreed that the lessons should be upgraded to meet the needs of the market. Ways and methods of teaching were also discussed to close the existing gap mentioned by Shaftel et al. (2005).

As indicated by Blackmore, et al. (2006) there are various benefits of accounting being taught in business schools and they have gained more importance recently as many companies are collapsing across the world due to lack of proper accounting practices. This is one of my reasons to address this topic. In this study it has been analyzed that a literature search has been conducted for the future of accounting as a subject taught in business schools. For instance, a study done by Apostolou, et al. (2001) indicated that accounting is an important tool in a business for decision making since it helps in business planning for performance measures. Moreover, it is helpful in making decisions for the overall growth of organisation especially in terms of the knowledge of accounting which is delivered at higher level and found helpful for students as they better understand the practices. If accounts of the company are properly prepared then we can know about the areas where improvement is needed and thus, analyze the importance of future of accounting as a course in business schools (Shattock, 2007).

A significant number of studies have been conducted to address various aspects of the introductory accounting education. For example, studies have examined the determinants of student performance in the first accounting course (Doran, et al., 1991; Eskew and Faley, 1988), the possible effect of gender on accounting course performance (Buckless, et al., 1991), and the prediction of student performance in upper-level accounting courses based, in part, on performance in the introductory courses (Bennett, et al., 2004). There has also been a sizable amount of research and discussion on the appropriate content of the first accounting course (AECC, 1992; Baldwin and Ingram, 1991; Cherry and Mintz, 1996). The summaries of accounting education research presented by Rebele, et al. (1998), however, reveals that no empirical study has performed a direct assessment of accounting students' perceptions regarding any individual accounting course. Nor has any study performed an assessment of the relationship between course perceptions and major selection. A study by Friedlan (1995) asked Canadian accounting students, both at the beginning and end of the course, about the perceived importance of 12 skills on their ability to perform well in introductory accounting, and the importance of 13 skills for performance as accounting practitioners. While the Friedlan study assessed students' perceptions of the skills needed to perform well academically and professionally, it did not directly assess students' perceptions of the introductory accounting course itself. There has also been some empirical research on how various categories of instructors (e.g. accounting, business) view the first course in accounting (Cherry and Mintz, 1996) and on students' general perception of accounting, accountants, and the accounting profession (Cohen and Hanno, 1993). However, studies involving students' perceptions of accounting typically ask students one or only a few attitudinal/perceptual questions at the end of the course.

These studies then compare responses to these few items across groups of students exposed to different pedagogy during the course (Daroca and Nourayi, 1994). Accordingly, these prior studies have incorporated attitudinal questions, but have not adequately addressed student attitudes. Additionally,
several studies have examined whether the introductory accounting course can attract 'the best and the brightest' students to accounting (Adams, et al., 1994; Baldwin and Ingram, 1991; Stice, et al., 1997). Some of these studies examined whether the introductory course appeared to attract or retain quality students (as measured by GPA). They found that the mean GPA of intended accounting majors was higher than that of non-accounting students before the introductory course, and that students transferring into accounting after the course had higher GPAs than those transferring out. These results suggest that the introductory course may retain quality students and may actually attract higher performing students to major in accounting.

A study by Cohen and Hanno (1993) used the theory of planned behavior to predict and explain the choice of accounting as a major. Their results indicate that students chose not to major in accounting because they perceived it to be too number-oriented and boring. Intended accounting majors were also found to place more emphasis than intended non-accounting majors on high performance in the introductory courses in their selection of a major (Blackwell et al., 2003). A related study done by Stice, et al. (1997) categorized students as being 'qualified' or 'unqualified' to major in accounting based on performance in the introductory course. Their results indicate that course performance was not significantly related to the decision to major in accounting when examining just the 'qualified' (i.e. high performing) students. That is, just because a student performs well in introductory accounting does not mean that they will choose to major in accounting. Their results are consistent with those of Adams et al. (1994) who found that students' responses to the item 'genuine interest in the field,' as opposed to actual course performance, was the most significant factor in deciding to major in accounting. However, none of these prior studies present a direct examination of student perceptions toward the introductory accounting course and how these perceptions relate to the decision to major in accounting. Stice et al. (1997) argue that while performance may serve as a screening device, future research should focus on identifying non-performance factors that affect the decision to major in accounting. Further, no study in accounting has examined the possible differential effect of individual instructors on students' decisions to major in accounting. Although prior researchers (Daroca and Nourayi, 1994) have inferred that there may be a differential impact of individual faculty members on introductory accounting students, this conjecture has not been tested empirically.

The Perilous Future of Accounting Education

Critics of accounting education charge that its programs and curricula have failed to remain relevant to students and employers. Some educators have heeded the warnings and made significant changes; however, such forward-thinking individuals are in the minority. Accounting programs are consequently experiencing dramatic decreases in student enrollments. Also, the number and quality of students electing to major in accounting is decreasing rapidly, driven by the perception that an accounting degree is less valuable than other business degrees or less valuable than it once was (Steve, et al., 2001). In addition to this, many practicing accountants and educators say that they would not choose an accounting education if given the chance to do it again. This indicates a serious problem at the profession’s most vulnerable point: the quality of its professionals (DfES, 2003).

Having said that, accounting leaders and practicing accountants believe that accounting education, as currently structured, is outdated, broken, and in need of significant modification (Stout, et al., 1996). Furthermore, the status quo of accounting education looks bleak. At best, educators may be able to avoid changes as long as the economy stays strong and university budgets remain healthy. However, this indecision will result in a downward spiral beginning with fewer qualified students, reduced budgets, and
decreasing faculty positions and eventually leading to the elimination of some accounting programs. Department chairs responded that budget and faculty allocations at their colleges are based on the number of students enrolled, a criterion that does not bode well for an education program experiencing declining enrolment.

**Improving Accounting Education**

Attracting more students to the accounting profession depends on substantive changes to the current educational model. Within that model, a number of areas need to be addressed, including closer examination of course content and curricula, pedagogy, technology, faculty development and reward systems, and strategic direction (Kachelmeier, 2001). After all, if the crisis in accounting is genuine, then the education system may be a good place to start trying to understand why accounting practice has failed.

**Course content and curricula:** Whereas faculty interests currently shape accounting courses, the curricula should be determined by the demands of the market. Consequently, accounting classes often are narrow in scope and irrelevant. Accounting education does not expose students to concepts like globalization, technology, and ethics (Shattock, 2007).

**Technology:** Class time devoted to information gathering and recording is pointless, because information is inexpensive and readily available. Students do not have a thorough understanding of technology’s impact on business. Nor are they cognizant of how technology can be leveraged to make business decisions.

**Faculty development:** Because accounting educators often isolate themselves from the rest of the business school - and the business professional community in general - they are not in touch with market expectations (Kachelmeier, 2001).

**Strategic direction:** The difference in the quality of accounting programs is becoming increasingly noticeable as some schools have made changes while others have not. In addition to this, competition in education has increased because of accounting education’s lack of leadership and direction, resulting in fewer resources for accounting programs (Shattock, 2007). The survival of the current accounting education model is secondary to the goal of increasing the value of accounting students and adequately preparing them for the fast-changing business world. Practitioners that work with educators, recruit students, and serve on advisory boards have a wonderful opportunity to help realize this goal by preaching the message of change to educators and helping them acquire the resources to achieve change (Kachelmeier, 2001). A discussion between business leaders and senior college administrators frequently carries more weight than a department chair working from within the system.

**Program assessment:** Every accounting department and program is unique. Educators need to understand that a one-size-fits-all approach does not work. It is imperative that faculty members help recruit strong students, be familiar with student expectations for the program, develop a broader knowledge of students’ prospective employers, and have a keen understanding of employers’ expectations for new hires (Blackwell et al., 2003).

**Curriculum and course content:** Practitioners should impress upon educators the need to teach classes that are relevant to today’s business world, including technology, globalization, and ethics. With this in mind, educators need to consider developing partnerships with other disciplines so that accounting students have a broad perspective of the economic marketplace.

**Pedagogy:** Teaching methods must also be examined to train educators in working with students to develop relevant skills. Practitioners should remind faculty members that conventional teaching methods
are necessary, but students can gain practical business experience through internships, field studies, and service-learning assignments (Wilson, 1988). In fact, educators should be on the lookout for opportunities to include business professionals in the educational process. Pedagogy that includes group assignments will strengthen students’ understanding of leadership and teamwork, while role-playing will illustrate the value of negotiation. Likewise, technology assignments will broaden their aptitude for technology, and large projects will hone project management skills (Newmark, et al., 2007).

In relation to above mentioned issues, the variety of technologies available for use in education is growing, and students are becoming much more technologically savvy. Textbook homework aids, course management systems (e.g., Blackboard), websites, software, and hardware (e.g., clickers) lead to complexity that can either distract from or enhance student learning. Research into the effectiveness of combinations and complexities of multiple technologies would be useful (Apostolou, et al., 2010). Further, some technologies automate processes that students formerly did for themselves. Some examples are general ledger software that posts journal entries and that automatically generates financial statements, and textbook companion websites that outline material from each chapter (or topic), generate flashcards, and set up study plans. The availability of handouts of lecture slides and notes or even recorded lectures (allowing students to watch multiple times) may alleviate the need for students to attend class (Watson, et al. 2003; Apostolou, et al., 2010). Changes in how faculty and students communicate, and in how students' access and review course material, will likely alter the learning environment with implications for students’ development of important work-related skills. Research into how professional competencies can be developed in an electronic learning environment would therefore be valuable (Apostolou, et al., 2010).

CONCLUSIONS AND FURTHER RESEARCH

This literature review identifies and summarizes contributions made to the body of accounting education research to investigate the traditional areas of assessment, curriculum and instruction, educational technology, faculty issues, and students.

Accounting is grossly misunderstood by students. Educators and practitioners need to rectify misconceptions and do a better job of selling the profession’s image. They should point out the many exciting and rewarding careers available to accountants, from audit, assurance, and tax services to consulting, finance, investment banking, and government. Additionally, students need to be assured that the accounting degree has not lost its market value. Students will never believe accounting is a great profession unless those that practice it exude that belief first. If accounting education fails, and the practice of accounting is not be far behind, then, there will simply not be enough entrants to keep it alive. Through cooperation and involvement, practitioners and educators can implement the needed changes that will breathe new life into an academic program that has grown old and stale. However, the goal of restoring the accounting discipline to its former preeminent position in the business school will not be accomplished unless educators are joined by practitioners.

Overall, the good news is that, while the gap between education and practice has been widening, with quick and definitive action we can save accounting education. There are many things that accounting educators do better than anyone else. In addition, there are many professional opportunities for which we can prepare our graduates. However, we cannot save accounting education by continuing to do more of the same.

There are multiple issues of accounting education and this brief review of the literature is not addressing them all. For example, the paper does not reflect upon the impact of accounting research on
the accounting education and practice. Another issue omitted from discussion is the possible divergent interpretations and understanding of practitioners and academics of the concepts and terminology. For example, some may use economic value added to evaluate performance (a contemporary technique), others may use return on investment instead (a traditional technique). Further research should focus on identifying performance and non-performance factors that affect the decision to major in accounting. Another useful area for investigation is to examine the possible differential effect of individual instructors on students’ decisions to major in accounting.

**BIOGRAPHICAL NOTES ABOUT THE AUTHOR**

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