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# Is Public Accounting A Profession?

## And Can It So Remain?

By Edward A. Becker

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Rarely a month goes by that the current accounting publications do not have an article discussing some facet of professionalism in public accounting. Each of these articles discusses some issue the author feels is a part of professionalism; phrases like "attacks on the profession" are quite common. However none of these articles gets to the real heart of the problem; what is a professional? In 1962 Paul Dunham wrote a classic article in which he asked the question: Is management a profession? His answer was "no." The purpose of this article is to ask the same question about Certified Public Accountants.

Are Certified Public Accountants professionals? Are those practicing in the field working in a profession or in a technical trade? In order to answer those questions, this paper must first define "professional."

A common definition of professional is one which distinguishes between a person who gets paid for his activities and one who doesn't (amateur vs. professional). Within this framework, there are professional tennis players and amateur tennis players, professional carpenters and amateur carpenters, etc. This is not the concept of professional that this paper will explore. It is the concept of professional which differentiates between the physician and the assembly line worker (both

of whom are paid for their services) that this paper will examine.

Prior to the industrial revolution, only three occupational groups, physicians, attorneys and theologians, were recognized as professionals. Within each group was a hierarchical ranking or order (Larson, 1977, p. 5). These groups had achieved the prestige and privileges accorded professionals because they had occupations which required extensive education and training and which provided for a human need; the physician satisfied the need for health, the attorney the need for justice and the theologian the spiritual needs. All three also had one other thing in common. The Common Law provided each with the right of privileged communication.

Modern times have complicated the definition of professional much as they have complicated life itself. Countless volumes have been written attempting to delineate the criteria for professionalism. Cullen (1978) summarizes some of these efforts on Table 1. The most useful typology of criteria is provided by Donham (1962). The following have been generally recognized as the four elements defining "profession."

"1. A profession is characterized by a systematic body of specialized knowledge of substantial intellectual content.

2. A profession is characterized by a motive of service, by standards of conduct which govern all professional relationships and which take precedence over personal gain, and by acceptance of the social responsibility inherent in the profession.

3. A recognized educational process and standards of qualification for admission exist.

4. An organization is devoted to the advancement of the profession's social obligation and to the enforcement of standards of admission and membership.''  
(Donham, 1962, p. 64)

To the above list of generally accepted criteria for the differentiation between a profession and any other occupation, this treatise proposes a fifth criterion: the application of professional judgment. This fifth criterion is the infrastructure upon which the other four criteria are built. The knowledge mentioned in criterion one is obtained through criterion three, but it is the exercise of professional judgment that determines which piece of data is appropriate in any given situation. The doctor, for example, analyzes symptoms, diagnoses the disease and prescribes a cure by synthesizing his knowledge of symptoms, diseases and cures.

The use of professional judgment is embodied in criterion two, and it is professional judgment that the organizations mentioned in criterion four are forced to evaluate. It is professional judgment which separates the work of the physician from the work of the carpenter, who must build in accordance with rigid specifications. If it were not for professional judgment, one could develop a scenario under which a carpenter fits all four criteria.

This paper is not alone when it suggests that it is the individual practitioner's exercise of professional judgment that is the key element in professionalism.

"I believe that our profile of a profession and a professional is now beginning to take shape. We see that a profession itself is built around a boundless body of knowledge, that it is concerned with broad fields of endeavor, that it often deals in concepts and ideas rather than their implementation, and that in many respects it is almost inseparable from the in-

dividuals who practice in it." (Glickauf, 1971, p. 95)

"Accounting principles need not and should not be codified. To introduce such rigidity is to diminish the great service which accountants can and do perform in the interpretation of freely transacted business. There is no reason to believe that accounting and accounting statements should be so simplified as to be readily understandable by one and all. A reasonable man does not expect all persons to understand the intricate details of the practice of medicine without being trained therein. It is equally illogical to expect everyone to fully understand all about accounting. This interpretive function is best left to the accountant.

The demand for uniformity and standardization in accounting systems arises from a distrust of business management. Uniformity and standardization will gain little "since management controls the form which transactions take." Accountants are challenged "to accept their interpretive function and show integrity, courage, and resourcefulness in discharging this function." (May, 1950)

In the last decade the accounting profession was vigorously attacked. Most of the attacks came from Congress and other branches of the government. Most of the critics have been complaining about the lack of uniformity in financial reporting or the inability of financial reporting to predict business failures. It is ironic that Congressmen, who are mostly attorneys, should lead this fight. There is no profession that has less uniformity or lack of predictability than law. It is possible for the most respected attorneys in the United States, the Justices of the Supreme Court, to have different opinions in the same case which encompasses the same body of facts and is to be judged against the same body of law. In the Supreme Court's last ten decisions in 1979, only three were unanimous. As to lack of predictability, how many times has a client heard from counsel "Here is a case you can't lose," and then lost. It is like the old story about a man who was sued for divorce on the basis of sterility in the morning and sued for paternity in the afternoon and lost both cases.

The accounting profession did not take May's advice and yielded to the

**TABLE 1**

Selected Dimensions of Professionalism by

Citing Author	Author													
	Akers	Barber	Caplow	Carr-Saunders and Wilson	Cogan	Flexner	Foote	Goode	Greenwood	Gross	Lewis and Maude	Pavalko	Vollmer and Mills	Wilensky
Complex Occupation	+	+		+	+	+	+	+	+	+		+	+	+
Self-Employed				+							+			
Person-Oriented				+	+	+		+						
Altruistic Service					+	+		+						
Long Training	+	+		+		+		+			+	+		+
Organized	+	+	+	+		+	+	+	+	+	+	+	+	+
Code of Ethics			+	+				+	+		+	+		+
Competence Tested				+							+			
Licensed	+		+					+						+
High Income				+				+						
High Prestige			+					+						

Source: Cullen, J.B. *The Structure of Professionalism*, 1978, p. 15.

pressure from the outsiders. The Financial Accounting Standards Board (FASB) has issued more statements in the last nine years than all of the official pronouncements by the Accounting Principles Board (APB) the previous fourteen years. That does not include pronouncements by the other bodies, both American Institute of Certified Public Accountants (e.g. ASB, AcSec, etc.) and governmental (e.g. SEC, Cost Accounting Standards Board, etc.). Almost all of the pronouncements from FASB and others have been prescriptive in nature. In each case they have been telling the accounting profession what to do and how to do it. In each case, they have been abating the exercise of professional judgment and are therefore seriously eroding the professionalism of the Certified Public Accountant. If this practice continues, it will not be long before a Certified Public Accountant is transformed from a professional to a technician. Berliner and Gerboth have noted the same trends and, with the exception of FASB No. 33, have deplored the situation.

"In many ways, Statement No. 33 represents, if not a clean break, at least a welcome respite from the "cookbook" accounting of the last decade. At least since 1970, the pronouncements of the FASB and its predecessor, the Accounting Principles Board, have increasingly circumscribed the auditor's professional judgment by a seemingly endless flow of specific directives. That tendency reached an extreme with the issuance of FASB Statement No. 13, Accounting for Leases, and the FASB has since seemed disinclined to go that far again. But no deviation from the tendency occurred until Statement No. 33 appeared," Berliner & Gerboth, 1980, p.54)

Worse yet, FASB has not thought through all of the possible alternatives with each pronouncement. Many of the FASB Statements are corrections of or additions to previous FASB statements. In addition, the Board has issued over thirty interpretations in attempts to clarify previously issued FASB Statements. The subsequent statements and interpretations related to FASB No. 13

(Accounting For Leases) comprise a body of literature all their own, yet FASB No.13 remains ambiguous. In 1981 the board of directors of American Institute of Certified Public Accountants (AICPA) appointed a special committee on accounting standards overload and that committee has recommended an immediate reexamination of FASB No. 13, as one of four most troublesome standards issued by the FASB and its predecessor, the APB.

The articles and papers criticizing one or more FASB Statements are too numerous to cite. Thus FASB has been proliferating prescriptive statements at an abnormally fast rate in response to the criticism of outsiders. It is the wrong way to respond to such criticism, and often evokes more criticism. The correct response to the critics of our profession is the same today as it was in 1950 when George O. May said that accounting issues should be solved "in favor of intelligent variation rather than wooden conformity." (May, 1950, p. 210)

Previously, this article enumerated five criteria of professionalism. Number four was "an organization devoted to the advancement of the profession's social obligation and to the enforcement of standards of admission and membership." The AICPA is the organization which establishes and enforces the standards of admission. The Uniform Certified Public Accountant Examination (CPA Exam) is the primary tool that the AICPA uses.

At a recent regional meeting of the American Accounting Association (AAA), there was a discussion of the CPA exam. The general theme of the discussion was that the success rate of the exam was too low. "After all over 80 percent of those sitting for the bar exams pass them," was typical of the comments heard, "as long as the success rate for the CPA exam is less, something is wrong." Nothing could be further from the truth. As stated in criterion four, admission standards to the profession must be maintained. If the standards are lowered, then the quality of the profession and resultant respect will fall. The CPA exam is the screening device that is necessary to assure that only the most qualified enter the profession. The other professions have advanced professional schools

which act as the screening device for their profession.

Nevertheless, the AICPA is permitting the CPA exam to become easier by increasing the number of multiple choice questions on the exam. Intuitively, it is obvious that it is easier to answer a question when one of the correct answers is in front of you than it is to answer the same question when you must make up the answer. In fact (assuming four choices), if a multiple choice exam were written in Sanskrit, the average score would be twenty-five.

At that same AAA meeting there were three reasons offered for the increased use of multiple choice questions:

- 1) it increases the success rate
- 2) there is a high correlation between the success rate on multiple choice questions and problems or essays
- 3) it is faster, easier and cheaper to grade multiple choice questions than it is to grade problems or essays. This is necessary because of the growing numbers of applicants.

It has already been noted that an increased success rate is not necessarily desirable. Each profession has screening devices which allow only the best to ultimately gain admission into its profession. At the present time, public accounting has the fewest. The most important screening device for the field of public accounting is the CPA Exam.

Part of the accountant's expertise must be the ability to communicate effectively. Many practitioners complain that accounting graduates cannot speak or write and yet, the

CPA Exam does little to test for these qualities. The need for essay questions was reaffirmed recently by a State Board Report.

"... that the Board of Examiners had created a special task force to investigate the use of objective multiple choice questions vs. essay questions. "They concluded that there was a definite need to retain essay questions in areas where a candidate needs to synthesize, integrate, and evaluate information"....." (State Board Report, 1980, p. 117)

The third argument concerning ease and cost of grading is the most offensive. The path of least resistance is always popular but, as described above, the easier marking method will severely and negatively affect the profession. As for the cheaper argument, it is certainly hard to accept a "poor-mouth" statement from an organization with almost fourteen million dollars in cash and marketable securities and a current ratio of 1.58 to 1 (AICPA, 1979, p. 20). No one is ready to accept a cheapening of our profession, especially when there is no need.

Winning the respect of the business community has not been easy for accountants. Maintaining the esteem of the public may well be just as difficult as the earlier thrust toward professionalism. Ω

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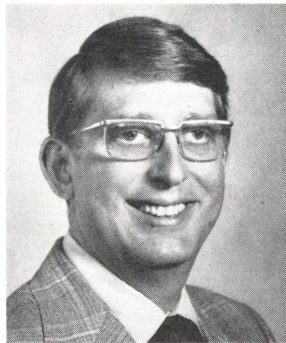
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