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Accountancy Education*

BY A. S. FEDDE

In assigning the topic for me to talk upon, the stated designation was undoubtedly given for the sake of brevity, as synonymous with education for the profession of public accountancy. The title might be misconstrued to imply that I was going to talk on the education wrought by accountancy, which would also be an interesting subject. The subject assigned to me is so broad that it can not be covered adequately in a short talk. To do justice to it would in any event take a far abler man than I, therefore, though I venture a few thoughts it is not without considerable feeling of trepidation.

In a consideration of the education which is fitting and proper, even necessary, for the practitioner of public accountancy in his present-day sphere of action, it is difficult to draw an exact line of demarcation and to say that at such a point further general education is superfluous, or that there are any phases of domestic or international commerce or finance that should not receive his studious attention. It is impossible to dissociate the subject of accountancy education from that of education itself. An uneducated person can not become a credit to the ranks of practising accountants by the simple expedient of taking some courses in accountancy either in small or large doses without acquiring as a foundation a basic structure of fundamental knowledge.

The question of what general education should be required before one may become a candidate for the certified public accountant certificate is one that has been determined for themselves by the state authorities of a number of states. In some states there is an academic requirement, namely, one equivalent to that required for entrance into universities. Such a requirement, however, is merely a superficial test of a man's real education and can not guarantee that the person is educated. Some

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states do not take such a precaution, being apparently satisfied that if a candidate can successfully pass the C. P. A. examinations that in itself establishes the fact that he is sufficiently educated to practise as a certified public accountant.

But is that quite a safe assumption? Perhaps it is based on the premise that the work of a practising accountant is not very important; perhaps on the assumption that he will be doing his work for business men who on the average are no better educated than he, so that his lack of education will not be noticed nor will it have any bearing on the performance of his duties. The exact measure of the importance of the work of the public accountant is impossible of computation, but let one give his imagination rein and contemplate our credit system, and perhaps specifically our banking system, and the extent throughout the world to which figures are used to determine the manner and almost the fact of our existence. Then let him consider the part the public accountant performs in the determination of the form of these figures, and it will be realized that he plays a considerable part in our complicated scheme of life. It will also appear upon reflection that the ultimate client of the accountant is the public and not only the immediate person who pays the fee. The public is affected sometimes directly and I believe I may say in all cases finally.

Many eminent writers have set down their thoughts on the subject of education, and one of the most interesting definitions is Thomas Huxley's who said, "Education is the instruction of the intellect in the laws of nature, under which name I include not merely things and their forces, but men and their ways; and the fashioning of the affections and of the will into an earnest and loving desire to move in harmony with those laws". Inasmuch as the public is the ultimate client, the cost of the accountant's transgression of what Huxley calls the "laws of nature" falls not only on the accountant but on the public. Hardly any better reason can be found for requiring the proper education of the public accountant than that he may acquire an earnest and loving desire to move in harmony with the laws of nature. Our schools and universities, our institutions giving technical instruction and our colleges which give accountancy and commerce courses are organized to supply this need. Assuredly the educational equipment for the practice of accountancy should be comprehensive, and supplementing that obtained in the schools, from

tutors, or by private reading, there is also needed as part of such education that contact with life which we call experience, to prove and impress upon the mind of the student the theories obtained from books.

It would also be well if the public could be educated to read and properly to weigh the reports of accountants, but unfortunately most of the public is too careless or too much in a hurry carefully to consider the meaning of the language employed by the accountant. And because of these habits in the public, the accountant should so express himself that his comments may be clear and easily understood. Half truths and veiled comments should have no place in the accountant's certificate. Any member of the profession probably knows of many instances in which comments of importance by the accountant have not been grasped by the reader, generally because the reading was hurried.

So far as the viewpoint and habits of the individual person are affected by teaching or precept, the strongest influence is example, that is, the habits of those by whom the student is surrounded. Fortunate is the young man who has been brought up in a cultured home, thereby having the advantage of being surrounded by good custom from the very beginning. Because of the strength of custom upon the mind a great responsibility rests upon teachers to inculcate good custom through precept and to teach ideals as well as facts.

We often hear conventions derided, but the conventions of society are the development of good practice become standardized. Ethics is derided as something which only exists as rules arbitrarily prescribed which limit action in which some would like to indulge; but it is simply the standardization of practice which has been proven to be good. I believe, therefore, that our schools of accountancy should teach ethics, not in a narrow sense but in the broadest sense, giving special importance to the phases relating to the conduct of accountants' work for clients, having in mind the condition previously mentioned, that the public is directly or indirectly affected.

On our educators falls the task of training the student to do work which he does not find pleasurable. This is perhaps the hardest task of all. Pleasure seeking with many is the goal at which they aim, and not the flowers found on the way. But doing tasks which are not pleasurable builds character, and I

know of no profession where character is more a requisite than in accountancy. The practising accountant should have sufficient character to stand by his opinion and not yield to dishonorable expediency. He should be able to face the prospect of losing a client and in every event prefer that to losing his self-respect. I do not mean to imply that in practice there are not many questions open to debate, but the conscientious accountant can decide when he should remain steadfast in an opinion, and he will refuse to countenance anything misleading either in form or substance.

The spur of necessity is a driving force, but the instinct of acquisitiveness when regulated into an honest ambition will carry one much farther. Man is constituted as he is, and his inclination to do something that will profit him is much stronger than his natural inclination to do something because it is right. It is necessary, therefore, that he be educated to doing that which is right. That morals as applied to business can be implanted by teaching and precept in a person with immoral inclinations is, I believe, possible in some cases. As a last resort such a person can be taught the unprofitableness of following his inclinations. That should not be very hard in the case of the accountant, for apart from the moral question and the result in loss of character, he would, through paltering with expediency, be bartering his capital for temporary gain. Pecuniary benefit accrues to the accountant who has a good reputation. Let him lose that and he has lost the best part of his capital. I believe, however, and with good reason, that we can be proud of the standards of conduct maintained by the members of the accounting profession in general, springing from a deep sense of the moral obligations resting upon them in the conduct of their work.

With some persons ambition takes the form of a desire for fame, to be widely known, to be spoken of in terms of praise, to be recognized as authorities; with others a desire to obtain wealth; and with most of us a desire for both fame and wealth. The teacher has an opportunity to draw the distinction between civilized acquisitiveness and covetousness, and the distinction is entirely a moral one. There is very good reason for the command in the accountants' code of ethics which, if paraphrased, would read, "Thou shalt not covet thy neighbor's clients". The monkey will just as soon grab the cocoanut from his neighbor as take another from the tree. Man may be descended from

monkeys and any accountant who covets his neighbor's clients is probably still wearing a little of the original tail.

One must conclude, however, that it is possible to become educated without learning or trying to learn everything. Some writer, I believe Ruskin, enunciated the thought that a man has only time to master one profession, and on matters outside of its scope he should accept the thought and conclusions of other masters. While Ruskin himself was first a painter and later a writer, it was only as a writer that he obtained renown. Some accountants are also lawyers, but I have not heard of any eminent accountant who was, either before or after he became an accountant, also an eminent lawyer. While it is probably well to learn some things outside the scope of accountancy, it does not appear to be wise to try to become a master of more than one science or art, but to focus one's energies in one direction, especially as the accountancy profession is so broad that it is extremely difficult for any one man to become a master of all its details. As a result of this broad scope, there is now a tendency toward specialization within the profession. The accountant, even though he does specialize, may and should become a master in the theory underlying all the different fields of action in the profession, and in doing so he will find that his education by no means had been completed when he reached the point of entering into practice.

In the matter of general education as an adjunct to accountancy it seems to me that two phases of study should be stressed. The accountant's work is largely analytical, and studies of such matters as history, psychology, economics and logic are of great value in developing his faculty for analysis. Equally important, in my opinion, is the study of the English language, as most of the accountant's work culminates in the preparation of a report. The client's final impression of the accountant is received from the report, not only from the results shown therein, but from the style and clarity with which it is presented. Habitual correctness of speech is confined to a few people, and mainly to those who make speaking their art and business. Our speech is notoriously careless and interspersed with slang and colloquialisms. Here we have a marked instance of the effects of custom, in that children acquire a careless habit of speech from the parents and from each other, and so it is perpetuated. In transcribing our customary style of speech on paper glaring errors become ap-

parent, and language that might not disturb the sensibilities of the listener would sometimes cause considerable mental anguish to the reader.

I am unwillingly forced to believe that candidates for the accountancy examinations are on the average insufficiently prepared. It may be that many who have not acquired a thorough technical education and training take the examinations on faith and hope the examiners will supply the charity. I have not the data to show what percentages of candidates pass all subjects in the first attempt, but counting those taking all subjects and those taking re-examination in one subject, about 33 per cent. are successful. Under date of May 14th the New York state board of law examiners announced that 559 persons out of 1,010 candidates had passed the March examinations for admission to the bar in New York state—approximately 55 per cent. Here a better preparation is indicated than that of the average of our candidates for accountancy examinations. We are, however, advancing and the facilities are continually expanding. More and more universities are adding courses in accountancy, and many excellent books are being written for the professional practitioner and for the student. We have eminent accountants who, I believe, are entitled to rank as high in the public estimation as are eminent lawyers, and we find in our assistants splendid results of the high quality of present-day methods of instruction.

Our profession is younger than law or medicine and can not be expected to have reached the same place in the amount of preparation officially required. Only a few years ago one could be admitted to the bar in New York state after having read law in a law office and passed the bar examination. A somewhat extreme case of preparation for a profession is that of the medical missionary, who spends about sixteen years in training from the time of entering high school; after high school, college, medical school, training as interne, and several years in a seminary he is finally ready to minister physically and spiritually to the heathen.

The American Institute of Accountants has been the subject of some criticism because it does not admit to its membership all who possess certified public accountant certificates. The requirement of five consecutive years of public practice immediately prior to application for admission as a member seems a wise requirement under present conditions and insures a proper period of education through practice. It also provides the means for

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obtaining a record of the kind of practice which the applicant has had. The board of examiners of the Institute, in rating the desirability of an applicant, takes into consideration general or preliminary education, which to a considerable extent is viewed in the light of the applicant's experience, also, his general record, reputation and professional qualifications. Many members have had a university education, many are self-educated, and a considerable number of them can truly be regarded as learned men.

I believe the time will soon come when most states will require qualifications for the practice of accountancy equal to those demanded for the practice of the law. At the present time the ability of the accountant is judged not by the degree which he may hold, but by the evident indications of his education, character and his demonstrated professional ability.