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University Courses in Accounting

III

HARVARD GRADUATE SCHOOL OF BUSINESS ADMINISTRATION

BY SHAW LIVERMORE

The Harvard Graduate School of Business Administration is a graduate school; the student body, except for a few men who have held executive positions in business or have been detailed to the school by the war or navy departments, is composed of men holding bachelor's degrees from approved colleges. Considerable numbers of these have also spent some time in actual business life after graduation and have discovered the need of further training.

The course is definitely organized for a two-years' period of residence, and includes normally five courses in each year. The first-year courses, comprising accounting principles, industrial finance, industrial management, marketing problems and business statistics, are required of all students. These courses help men to understand the relations existing between the major activities of a business, and to choose their subjects for specialization in the second year. Those men who lack an adequate background in the principles of economics are required to take an introductory course in economics for the first half year, in place of one of these five courses. The work of the first year thus gives a broad training and background, which the school believes should be required of every man entering any specialized field of business.

This training in fundamentals is developed through the use of actual cases or situations which have arisen in business. The required course in business policy continues this training during the second year's work. It is equivalent to two other courses and is conducted in part by outside business men who present current problems of their own; and it aims particularly to bring out the relation of different problems in the work of the business executive. The other three courses of the second year are elective and are chosen within the various "groups" of fields of business activity. One of these groups is accounting.

Men who decide to specialize in accounting fall roughly into two groups—those who intend to use accounting for purposes of administrative control and those who are interested in the technical

and professional aspects of the subject. A full year's course in industrial accounting is offered for men planning to enter factory accounting or cost-control work. This course treats not only of the general principles of cost accounting, but also of the specific factors affecting the setting of rates and determination of standards costs. The purpose of this course is primarily to show how accounting aids in determining or directing business policies. Students enrolled in this course usually take factory problems and one other elective course helpful in training for factory management. The course in industrial accounting is also recommended to men concentrating in other fields—for example in investment banking—because it gives an insight into control methods and the results of operation in any type of enterprise. The use of the case method here is particularly valuable in bringing out differences in methods between industries and between firms and in presenting results of current field work by members of the class.

A further group of three courses are intended for students intending to become corporation treasurers, comptrollers or auditors, or those who intend to enter the profession of accountancy. Two of these courses, each of one half year's duration, deal with special phases of accounting requiring ingenuity and resourcefulness in the application of principles, and in carrying through difficult accounting operations.

The third course, public accounting practice and procedure, aims to acquaint men with the principles and procedures of auditing, which are so important to the corporation comptroller or auditor, as well as constituting a most important work for the public accountant. It is not the purpose of this course, nor is it the aim of the school, to train junior accountants. The course does aim to give a broad training in auditing, so that when once the man has passed through the routine junior work he may advance rapidly in his chosen field. Investigations for refinancing, the installation of financial accounting systems and the preparation of reports and statements for the client also constitute an important part of the year's work.

Because of the school's requirements for entrance, the training and degree of maturity of its students approach a uniform level. It is more readily possible, therefore, in the first year's work to present a survey of the several general fields of business to which graduates of the school turn. Even more important is the creation of an analytical attitude toward business problems and the

building up of a method of attack by discussion of actual situations that have arisen in business. Individual investigation and judgment are encouraged by a series of written reports during the first year, each involving a discussion and solution of one of these cases or problems. In the second year, there is usually opportunity for further research in lines chosen by each student and special opportunity for acquiring specific information. Furthermore, accounting is recognized by the school as one of the two or three specialized fields of study wherein specific training is both possible and profitable.

This thorough background, a college education plus the two years' training in business problems, should be of real value in the profession of accountancy. Too often young accountants are unable to grasp the significance of problems which necessarily arise from their contact with many different kinds of business. The school endeavors to create a breadth of outlook and an insight into the significance of any given operation. Thus, either for administrative accounting work within an individual business or for preparation for the public practice of accountancy, the graduate school of business administration offers a balance between two separate phases of preparation—a broad business background and specific technical and professional training.