The Accounting at a Tipping Point – Decline or Renewal

Susan Haka
The Accounting Academy at a Tipping Point —
Decline or Renewal?

by
Susan F. Haka

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Sue Haka is the Ernst & Young Professor of Accounting in the Eli Broad College of Business at Michigan State University, and was department chairperson from 1998 to 2001. Professor Haka has taught at the University of Kansas, the University of Glasgow (Scotland), and the University of Technology (Sydney, Australia).

She is the recipient of several awards at Michigan State University, including the Teacher-Scholar Award (university-wide), the Roland Salmonson Outstanding Faculty Teaching Award (twice), the Ernst & Young Professorship Award, the Faculty Excellence in Research Award, and the Distinguished Faculty Award (university-wide).

Professor Haka's teaching and research focuses on managerial accounting and accounting information systems. She has published numerous articles in academic and practitioner journals. She has co-authored several editions of two textbooks. She serves on multiple editorial boards of academic journals. She is or has been editor of two academic journals—Behavioral Research in Accounting and the International Journal of Accounting. Professor Haka is also an active consultant and has served on the Board of Directors of Simpson Industries, Inc., which is publicly traded on NASDAQ.

She also served in many capacities in the American Accounting Association, the world's largest association for accounting professors, and was its President during the 2008-09 academic year.

Professor Haka earned a BS in Mathematics from Western Illinois University; and MA in Mathematics from Sangamon State University; an MS in Accounting from the University of Illinois—Urbana; and a PhD in Accounting from the University of Kansas.

Introduction

As I begin my American Accounting Association (AAA) presidential year, the opportunities and threats facing the accounting academy create a sort of tipping point -- a point where, with the right push, the academic community could rejuvenate and renew itself, but without some effort, the accounting academy may fall into further decline.

Current Status of the Accounting Academic Community

The decline has been documented in a recent AAA/AICPA co-sponsored study (1) that reveals the disturbing current state of U.S. accounting faculty. David Leslie, the Chancellor Professor of Education at College of William and Mary, completed the study using the National Survey of Post Secondary Faculty data base. This data base is
maintained by the U.S. Department of Education. The survey is compiled every five years and includes U.S. faculty in all disciplines. Professor Leslie's results show that the number of U.S. accounting faculty at all types of institutions (2-year, 4-year, and PhD granting) has declined by over 13 percent in the last ten years. During this same period, recent AICPA results show the number of accounting undergraduates has increased by more than 12 percent. (2)

In addition, the Leslie study shows that accounting faculty numbers at institutions that offer, at minimum, a baccalaureate degree have declined by over 19 percent over the past ten years. For other disciplines in business schools, faculty numbers have increased by over 20 percent. It appears that faculty positions are migrating out of accounting and into other disciplines.

The Challenges We Face

In addition to these current demographics, the future outlook is even more disturbing. The average age of current accounting faculty is 57, implying that half of current faculty members are eligible to retire within the next five to ten years. Leslie reports that U.S. institutions historically graduate between 140-150 accounting PhDs per year, but the number of expected faculty retirements is projected at 500 per year for the next ten years. The evidence suggests that without an investment by universities in future accounting faculty, accounting may eventually disappear from universities.

Hope for the Future

However, I am not discouraged because current global trends create a dynamic and interesting atmosphere for the accounting academy. The increasing global focus on and cooperation about accounting issues emphasizes the importance of accounting in global markets. Further, the world-wide demand for accountability and changing technological capabilities are the very trends that are attracting record numbers of students to accounting.

The challenge to the accounting academic community and to all those who believe that accounting has a place in universities, is to leverage the current world-wide interest in accounting as a means to attract future faculty. In my conversations with academic accountants, I encourage them to explain to their students the benefits of an academic life; the joys of teaching and the exhilaration that comes from investigating the role of accounting in society. These are the makings for a wonderful life's pursuit. Some evidence exists that formal efforts to inform current students about academic accounting careers are being integrated into curricula across the country. Will your institution join in that effort?

What is the Profession's Role?

The accounting profession and the business community have taken note of the challenges facing accounting academics. Public accounting firms, led by the Big 4 and the AICPA, have stepped forward with a new program designed to increase the supply of students seeking doctoral education. The Accounting Doctoral Scholars (ADS) program is designed to attract new doctoral students with some public accounting experience into the audit and tax areas. In addition, The Human Resources Subcommittee of the Treasury Department Advisory Committee on the Audit Profession (chaired by immediate past AAA president Gary Previts), has created recommendations to address both the doctoral shortage and the lack of data availability for research in specific areas.

What is the AAA's Role?

The American Accounting Association and the Accounting Programs Leadership Group have begun an advocacy program directed at deans, provosts and presidents to make them aware of accounting academic demographics and the potential future of accounting at universities. Encouraging department chairs, deans, and provosts to create more positions for doctoral students is challenging because doctoral students are cost centers, not profit centers! The keys to reinvigorating our doctoral programs do not rest solely on the supply side of the equation. Faculty are often resistant to adding more doctoral students because incentive schemes at business schools do not recognize and/or value the faculty effort required to have successful doctoral programs. More doctoral student spaces could be
generated if faculty received the same recognition for mentoring doctoral students that they receive for a top tier publication.

**Tipping Toward Renewal**

If the accounting academy, working professional accountants, those who hire accounting graduates, and others who care about university accounting education work together we can tip the academy toward renewal. Evidence that efforts toward renewal have begun exist. The Big 4 firms and the AICPA have created a large pool of funds (ADS) to provide financial support for new doctoral students. The AAA has a strategy to increase its members and advocate for doctoral education. Even the U.S. government, through the activities of the Treasury Department, has recognized the need for vibrant accounting university-based education.

Renewal of the accounting academy will ensure that accounting retains its position in universities as a highly demanded, vibrant academic discipline. We are all responsible for the future of the accounting academy. Perhaps you can convince one or two of your students or friends to consider enrolling in a doctoral program to pursue an academic career in accounting. If we all work together, we can reverse the documented decline in the accounting academy and tip toward a healthier future for accounting faculty and their students.

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<th>1993</th>
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<th>2004</th>
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<tr>
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</table>

**Table 3:**

Number of all accounting faculty at all types of institutions (including 2-year) by tenure status, and percent change from 1993 to 2004

**References**

(1) Study may be accessed at [http://aaahq.org/temp/phd/AccountingFacultyUSCollegesUniv.pdf](http://aaahq.org/temp/phd/AccountingFacultyUSCollegesUniv.pdf).
