

UNDERSTANDING THE ACCOUNTING AND AUDITING FACULTY SHORTAGE: PERCEPTIONS FROM PRACTITIONERS, DEANS, AND FACULTY

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PROPOSAL ABSTRACT

The purpose of this paper is to briefly discuss the existing literature related to the current accounting faculty shortage and to provide a discussion of a research stream aimed at understanding the perceptions of the key constituents involved in and affected by this shortage. Many parties, including the Treasury Department's Advisory Committee on the Auditing Profession (ACAP 2008), have expressed concern with the shortage of terminally qualified accounting faculty, of particular concern are the areas of auditing and tax (Leslie 2008; Plumlee et al. 2006). This paper will outline a stream of linked studies to be performed that will provide the basis for a comprehensive understanding of the accounting faculty shortfall issue, its potential causes, and possible solutions from the perspective of accounting practitioners, university deans, and faculty. The authors believe that this approach is necessary to fully understand and potentially resolve this critical issue given its high degree of complexity. One of the studies in this stream has been completed by the authors (Boyle et al. 2010). The findings of this study indicate that practitioners have moderate to high interest in serving as teachers in accounting programs which may serve as a potential supply source; however, this group perceives significant barriers to making such a transition. These barriers include the terminal degree requirement, potential compensation differences, and financial support during transition. Many of these practitioners question the value of the terminal degree and believe that practical experience along with a CPA license should carry significant weight in the faculty hiring decision (Boyle et al. 2010). This practitioner study will be expanded and used as the cornerstone for the research stream discussed in this paper.

INTRODUCTION

The topic of the accounting faculty shortage has been of significant discussion and concern within both the accounting profession and academia. This shortage has reached critical levels and is projected to increase into the near future. The Treasury Department's Advisory Committee on the Auditing Profession (ACAP 2008), has expressed significant concern with the shortage of terminally qualified accounting faculty, of particular concern are the areas of auditing and tax (Leslie 2008; Plumlee et al. 2006). The Association to Advance Collegiate Schools of Business performed a study that indicated the shortfall in full-time academically qualified faculty is projected to reach critical levels in the near term and calls for action to be taken from both academia and practice to resolve the issue (AACSB 2002, 2003, 2010). Other groups have also studied the critical nature of this issue and call for action (ACAP 2008; Behn et al. 2008; Beyer et al. 2010; Carcello 2008; Leslie 2008; Marshall et al. 2006; Myers 2006; Plumlee et al. 2006; Ruff et al. 2009; Trapnell et al. 2009). It is clear that the shortfall issue poses a significant threat to the accounting profession. Further empirical study of this issue is needed to identify its causes and potential solutions. Given the complexity of the issue and the numerous stakeholders involved, a research stream needs to be pursued to gain a complete understanding of the issue.

OVERVIEW OF STUDIES

Given the continued increase in the demand for business school education, it appears as though the most likely solution to the shortfall crisis will come from focusing on the supply side of the equation. One potential supply-side solution comes from the vast number of practitioners who could potentially be attracted into academia. The American Institute of Certified Public Accountants has approximately 340,000 members (AICPA 2010) and the Institute of Certified Management Accountants has approximately 60,000 members (IMA 2010). Given this large pool of qualified professionals, only a fractional portion would need to have an interest, pursue

and complete the transition into academia to resolve the shortfall crisis. Current practitioners represent a pool of potential future accounting faculty which can help provide a very talented pool of supply. Significant efforts are already underway to attract practitioners into academic careers. Once such program aimed at identifying and supporting practitioners to transition into accounting academia is the Accounting Doctoral Scholars Program (ADS). This program is very selective and focuses on auditing and tax professionals. Funding is provided to select candidates. Participants are expected to provide a commitment to pursue careers in academia in the areas of audit and tax upon completion of the program (Boyle et al. 2010). Despite these efforts, the current number of practitioners being attracted into academia by these existing mechanisms does not seem to be sufficient to close the projected shortfall. This apparent inability to attract significant candidates from such a potentially well-qualified pool merits further examination. More specifically, the barriers that seemingly preclude a sufficient influx from this pool need to be examined in order to identify issues that could potentially be addressed. Accordingly, the authors have initiated a series of studies to assess the interest in/of this potential pool of candidates and identify the perceived barriers that hinder this transition. It is hoped that these studies might ultimately identify potential solutions that help alleviate, if not outright solve, the current shortage. The authors have chosen to start the research investigation by gathering the perceptions of practitioners. This group was chosen first for several reasons. First, they represent what could likely be the largest potential untapped source of potential future faculty. Second, practitioners have unique first-hand experience of the specific problems that the shortfall has on the profession itself.

The existing literature on this topic does not fully investigate why there is a shortfall from the perspective of those directly involved and affected by the crisis. The prime focus of the existing literature is to quantify the magnitude of the shortage (Plumlee et al. 2006). In addition, existing literature provides insights as to how to address the shortage, one such recommendation is to attract practitioners into academia through the pursuit of a terminal degree (ACAP 2008; Ruff et al. 2009; Trapnell et al. 2009). This paper discusses a research stream to expand the existing literature by providing recommendations to attract, train, and retain practitioners into careers in academia. This research will include a stream of studies aimed at understanding the perceptions of practitioners, deans, and professors relating to the faculty shortfall and usage of practitioners in the classroom. The perspectives of these three groups will potentially provide significant insight into how to alleviate the accounting faculty shortfall crisis through the effective use of practitioners.

The authors believe that the perceptions of these three groups may be different and potentially in conflict with each other depending upon the experiences and motivations of the individuals within the groups. These perceptions may also be inconsistent with the traditional academic model and as a result, our research will provide opportunities to identify and explore new models to enable the achievement of common ground to bring the groups together, create an enhanced learning experience for the students, and provide the profession with an ongoing pool of new talent.

The authors have completed an initial study into the perceptions of practitioners entitled *Addressing the Accounting and Auditing Faculty Shortage: Practitioners' Perceptions of Academia* (Boyle et al. 2010). This study finds that most practitioners interviewed have

considered an academic career, and they believe that there are many important advantages of such careers. However, most interviewees see the need to obtain a doctorate as a significant hurdle, with many questioning the value and relevance of this requirement. The interviewees significantly underestimated the typical compensation for newly hired accounting professors. The participants also indicated that they would require extensive amounts of financial support in order for them to transition from their current professional practitioner roles into careers in academia; in particular, the support related to the opportunity costs associated with pursuing a Ph.D. full-time was significant. The study examines implications of these and other findings for attracting practitioners into doctoral programs and academic careers. This study will be utilized as the cornerstone for further understanding the perception of practitioners as well as the perceptions of deans and professors.

METHODOLOGY

The perceptions of practitioners, deans and accounting faculty will be understood and analyzed based on a series of studies utilizing both qualitative and quantitative techniques. The practitioner group will represent individuals from regional and national public accounting firms as well as accounting professionals within public and private industry. These practitioners will include individuals with varying degrees of experience and titles to identify potential differences in perception of these categories. The deans will represent institutions that AACSB accredited and regionally accredited. The faculty will include full-time members of the same institutions represented by the deans.

The research methods to be deployed will include semi-structured interviews, and large scale surveys. The authors believe that both of these approaches are required to obtain empirical data and valuable insights.

This research will lead to the creation of the most comprehensive set of data on this important topic to date, and will provide significant value in developing practical solutions and recommendations to resolve the shortage of terminally qualified accounting professors.

CONCLUSION

Empirical analysis into understanding the perspectives of the key constituents involved in and affected by the accounting faculty shortage in the United States will provide significant value into identifying potential solutions of one of the most critical issues within the accounting profession. The findings of the initial study (Boyle, et al. 2010) indicate that the interest level of practitioners to teach may provide a promising source of faculty. However, significant barriers need to be mitigated in order to fully utilize this potential pool of candidates. This study has provided a foundation to pursue the full stream of research. The authors intend to fully pursue this stream and currently have several projects underway to understand the perspective of accounting practitioners, deans and faculty, the results of which will provide significant value to both practice and academia.

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