

# **A STUDY OF STUDENT PERSPECTIVES OF PROFESSORS WITH A CPA COMPARED TO A PHD IN ACCOUNTING IN NEW YORK STATE**

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## **ABSTRACT**

*This paper explores the correlation between students' perspectives of professors possessing a CPA (Certified Public Accountant) license and/or professional accounting experience, compared to professors with a doctoral degree (PhD) in accounting with limited or no professional experience. The paper examines the above as it relates to potential career choices as well as classroom preferences. Do students rather the professor possessing a PhD in accounting rather than a CPA license? Furthermore, this paper takes into consideration the various changes the accounting profession is undergoing that may have influenced students' perspective of their professors as well as furthering developments from The Pathways Commission on developing a national strategy for upcoming accounting students.*

## **BACKGROUND**

This research is pertinent because accounting students have a lot of challenges in adapting to the accounting profession. Furthermore, students strive to stay current with the demand that the accounting profession requires. The accounting profession continues to compel students to meet the needs of a constantly changing profession. Therefore, students seeking to advance their accounting studies acknowledge the need to seamlessly assimilate into the professional community. As a result, they need the best exposure to real world practice from their professors and are critical to the type of real world practical experience their professors bring to the classroom.

Based on the above, students might view their professors as resourceful based on their title as a CPA with professional experience in the accounting field, compared to professors with a PhD in accounting with no professional experience. This initially assists students in various ways. For example, students may get the opportunity to understand what the demand for accountants is in the job market. Secondly, students may get a clearer understanding of where in the profession to focus their resources and what degree is relevant in achieving their goals.

This research will focus on obtaining an understanding of the important issues facing students and their view of professors as they make important decisions in their accounting careers. The relevance of this research may serve to provide one with a perspective of the profession from a student’s point of view, which at some point may foster an understanding of how best to balance the disparity between a student’s views of a CPA compared to a PhD professor. Furthermore, one would be able to get a better understanding of why a vast amount of students make the decision to strive for a career as a CPA with a Bachelors degree only, and not obtain a graduate level degree, including a PhD in accounting.

**LITERATURE REVIEW**

The *2011 Trends in the Supply of Accounting Graduates and the Demand for Public Accounting Recruits* identifies key trends in accounting enrollment and graduation up until the 2009-10 academic year, as shown in Figure 1.

**Figure 1**  
**Accounting Enrollment by Program 2001-10**

	2001-02	2002-03	2003-04	2006-07	2007-08	2009-10
<b>BA</b>	133,435	141,175	142,735	173,299	181,075	187,534
<b>MA Acc</b>	12,565	17,540	18,795	21,253	22,291	29,464
<b>MBA Acc</b>	4,065	5,270	4,030	4,482	3,664	5,100
<b>MA Tax</b>	3,555	3,550	3,595	3,239	4,580	2,822
<b>Ph.D.</b>	890	1,085	955	1,095	1,224	1,188
<b>Total</b>	<b>154,510</b>	<b>168,620</b>	<b>171,110</b>	<b>203,368</b>	<b>212,834</b>	<b>226,108</b>

Accounting enrollments continue to grow, especially in Bachelors and Masters of Accounting degree programs.

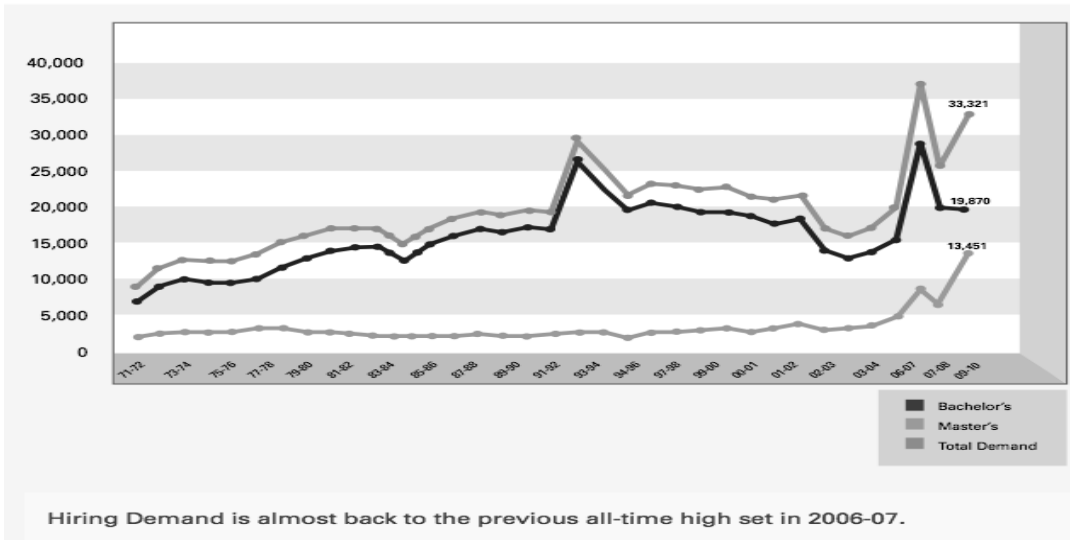
Source: *2011 Trends In the Supply of Accounting Graduates and the Demand for Public Accounting Recruits*

Also, Figure 1 depicts that, over a 10-year period, the accounting enrollment program increases approximately 46% overall, based on the Bachelors (BA), Masters (MS), and PhD programs (PhD). The BA and MS programs enrollment from 2001-10 increases 46% compared to an increase of 33% PhD program enrollment. Most recently, the 2007-08 compared to 2009-10 *Trends in the Supply of Accounting Graduates and the Demand for Public Accounting Recruits* shows that the margin of change from 2007-08 to 2009-10 for the BA and MS programs increased 6%, compared to a 3% decrease in enrollment of PhD candidates during 2007-08 to 2009-10. Moreover, as presented in Figure 2, *New Accounting Graduates Hired by CPA Firms* reveals that the demand for new accounting graduates has continuously risen from 1971 to 2010. This gives us an understanding that CPA firms are hiring at high rates at the BA and MS level.

For example, as reported by Figure 2, CPA firms have hired over 36,000 graduates at the BA and MS level in 2007, over 25,000 in 2008, and 33,321 in 2010. This may have a directional relation to the shortage of advanced accounting degrees, such as the PhD.

**Figure 2**

**New Accounting Graduates Hired by CPA Firms — 1971-2010**



Source: 2011 *Trends In the Supply of Accounting Graduates and the Demand for Public Accounting Recruits*

The shortage of PhDs in accounting is a major concern to the profession. Thomas G. Noland, Bill Francisco, and Debra Sinclair, state that:

...the shortage of PhD-prepared professors in accounting has been exacerbated in recent years as older professors retire and fewer accounting professionals choose a career in academia. A 2005 study conducted by the American Accounting Association (AAA) and the Accounting Programs Leadership Group (APLG) estimated that, from 2005 to 2008, the overall supply of new accounting PhDs will meet only 49.9% of the demand. The study found that the supply of new PhDs specializing in audit and tax will meet only 22.8% and 27.1% needed in these disciplines, respectively (Noland, 2007).

From this, we see that there is a critical shortage of accounting PhDs. Furthermore, evidence shows that there has not been much increase of accounting doctoral candidates. For example, the Association to Advance Collegiate Schools of Business (AACSB) has shown that there is a steep decline in the number of PhDs being awarded in these subject areas. “The Doctoral Faculty Commission noted a 19% decline in the number of business research doctorates awarded between 1994-95 (1327) and 1999-2000 (1071)” (eNewline, 2010).

Professors, who have various credentials and educational experience, influence accounting students through their daily interaction in the classrooms. One would understand that student might formulate particular perception of their professors that in turn may influence their career decisions. Many students may see accounting as the practical discipline it is and direct their careers to practical fields within the public and private accounting than that of educators in the classrooms. Moreover,

students in accounting classes are exposed to technical material in a vocation-focused way, disconnected from the complex real-world settings to which students are bound and from the research focused on understanding that setting (Rutherford 2011). Linking learning experiences to both relevant practice and research would build skills and understanding for lifelong engagement in accounting practice and study (The Pathways Commission, 2012).

This leads to several questions by The Pathways Commission. One question in particular posed by Bruce Behn, the Ergen Professor of Business at the University of Tennessee and chair of The Pathways Commission was, “How do we attract diverse talent and retain people through their career paths?” (The Pathways Commission, 2012). One would believe that this statement serves as evidence that attracting and retaining students on the accounting career pathway as educators, is a major challenge faced by the profession. The Pathways Commission has several recommendations in their July 2012 report:

*Recommendation 1: Build a learned profession for the future by purposeful integration of accounting research, education, and practice for students, accounting practitioners, and educators.*

*Recommendation 2: Develop mechanisms to meet future demand for faculty by unlocking doctoral education via flexible pedagogies in existing programs and by exploring alternative pathways to terminal degrees that align with institutional missions and accounting education and research goals.*

*Recommendation 3: Reform accounting education so that teaching is respected and rewarded as a critical component in achieving each institution’s mission.*

*Recommendation 4: Develop curriculum models, engaging learning resources, and mechanisms for easily sharing them as well as enhancing faculty development opportunities in support of sustaining a robust curriculum.*

*Recommendation 5: Improve the ability to attract high-potential, diverse entrants into the profession.*

*Recommendation 6: Create mechanisms for collecting, analyzing, and disseminating information about the current and future markets for accounting professionals and accounting faculty.*

*Recommendation 7: Convert thought to action by establishing an implementation process to address these and future recommendations by creating structures and mechanisms to transition accounting change efforts from episodic events to a more continuous, sustainable process (The Pathways Commission, 2012).*

The critical shortage of research-active, tenure-track accounting faculty members, especially in the audit, systems, and tax specialties, is well documented. This shortage has serious immediate and long-term consequences for both the quality and viability of accounting education and accounting research. Furthermore, the students going on to the doctoral accounting programs are drastically down over the years and continue and continue to fall evidently below the demand for the students.

## **PROBLEM STATEMENT**

In recent years, there has been focused dialogue for the need to increase the number of accounting faculty holding PhD degrees in accounting. The March 2007 issue of *The CPA Journal, Pursuing a PhD in accounting, PhD Shortage*, reveals that, “from 2005 to 2008, the overall supply of new accounting PhDs will meet only 49.9% of the demand” (Noland et al., 2007). Moreover, the underrepresentation of PhDs in accounting programs shows that “supply of new PhDs specializing in audit and tax will meet only 22.8% and 27.1% needed in these disciplines, respectively” (Noland et al., 2007). There were several recommendations made to revise the downturn in number of PhDs. Based on information presented, there is an issue in the accounting profession regarding students and professional advancement and enrollment in advance programs. Furthermore, the concerns from 2007-08 compared to 2009-10 *Trends in the Supply of Accounting Graduates and the Demand for Public Accounting Recruits* shows that the margin of change from 2007-08 to 2009-10 shows that the BA and MS programs increased 6%, compared to a 3% decrease in enrollment of PhD candidates for the 2007-08 to 2009 represented in Figure 1. This shows that the enrollments and commitments to advance accounting programs are major concerns in the profession, which in turn, is evident in the low supply of new accounting PhDs.

The purpose of this research is to determine if there is a correlation of student perspectives of professors with a CPA license and/or professional experience compared to professors with a PhD in accounting with limited or no professional experience. Insight gained from such a study would be useful in initiating the conversation of what students expect from the professors based on the information gathered from students. This may also help us find correlation of students’ higher education aspiration related to the highest degree students believe they will obtain, which may allow for revision of current methods used to address the issue of low supply of potential accounting PhDs.

## **RESEARCH QUESTIONS**

This study has five primary research questions that are central to this paper

- Q1. How do students perceive the PhD in accounting program as it relates to being a professor or the practice of accounting?
- Q2. Is practical experience the equivalent to a PhD?
- Q3. Do students rather their professor possess a PhD in accounting rather than a CPA license?
- Q4. What degrees/licenses, if any, are students expecting their professor to obtain in order for them to be teaching?
- Q5. What level of accounting education do students believe they need to complete their studies in the field?

Due to the fact that this research is exploratory in nature, we have not formed any hypotheses.

## **RESEARCH METHODS**

This proposed research uses the survey method. A survey instrument was prepared using the methods described by Dillman and Salant (Dillman; Salant and Dillman). During the first summer 2012 term, a pilot survey was prepared to capture the students’ view of professors with particular credentials, which was extended to several groups. The survey was then expanded and distributed to all students in accounting courses during the fall 2012 term. Based on the pilot study some of the questions were changed from open-ended questions to Likert Scale type questions. Our sample is limited to accountancy student in a large urban public college.

## **RESULTS**

The data collected was treated and analyzed using the SPSS statistical software package. Descriptive statistics follow:

1. The survey instrument was distributed to a variety of accounting classes (bachelors and masters level) at a large (approximately 16,500 enrolled students) urban public college. Approximately 1,200 students are declared accounting majors. 423 usable surveys were returned. 48% (n=203) were men and 52% (n=220) were women. The average age of the students was 26 (n=422, s.d.=4.845). 43.9% (n=236) reported being native English speakers and 56.1% (n=236) were not. Various Chinese dialects was the most common second language (n=65) and Russian was the third most common (n=47). Figure 3 shows the distribution students' level of study.

**Figure 3:** *Distribution of students' level of study*

	<b>Full time</b>	<b>Part time</b>	<b>Total</b>
<b>Undergraduate</b>	340	40	380
<b>Graduate</b>	27	26	53
<b>Post-graduate</b>	1	4	5
<b>Totals</b>	368	70	438*

\*Some students considered themselves in more than one category.

2. Further information gathered from the descriptive demographic statistic depicts that 171 students said that they planned to terminate their education at the bachelors' level, 227 at the masters' level and 22 planned to continue on for a PhD. 15% (n=60) said they are considering an academic career.
3. Very few of the respondents reported as currently being employed as accountants. Fifteen reported being juniors, thirteen reported being seniors and seven reported being managers. 356 said they planned to take the CPA examination.
4. **Students' Perception of their Faculty.** We asked students several questions about the credentials of their professors. When asked if a CPA or PhD mattered, 77% (n=321) said it did not matter to them if their professor had a PhD and 23% (n= 96) said it did matter. 45.4% (n=192) said it did not matter if their professor had a CPA and 53.2% (n=225) said a CPA does matter. 58.3% (n=242) said their professors' credentials mattered and 41.7% (n=173) did not care about the credentials of their professor.

When we asked the students to recall their best professor 78.3% (n=331) said that professor was a CPA, 23.6% (n=100) said that professor was a PhD and 42.6% (n=180) said that professor had practical experience as an accountant.

We also asked students if practical experience was equivalent to a PhD. The results are in Figure 4.

**Figure 4:** *Is practical experience equivalent to a PhD?*

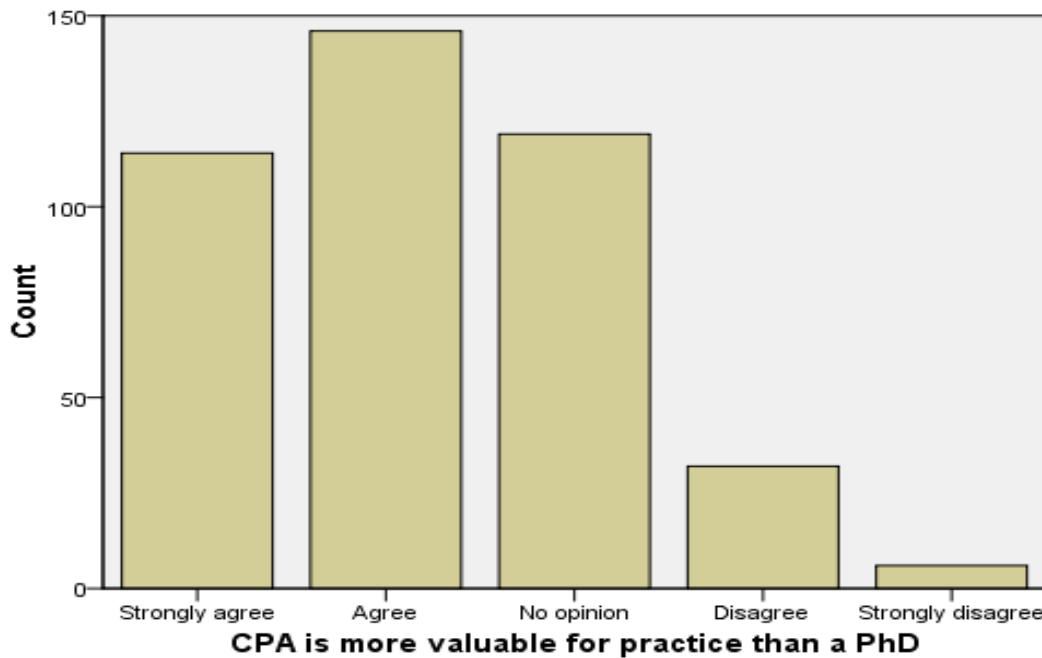
		Frequency	Percent	Valid Percent
Valid	Strongly agree	83	19.6	19.8
	Agree	156	36.9	37.1
	No opinion	94	22.2	22.4
	Disagree	68	16.1	16.2
	Strongly disagree	19	4.5	4.5
	Total	420	99.3	100.0

Missing System	3	.7	
Total	423	100.0	

56.5% of respondents strongly agreed or agreed that practical experience is equivalent to a PhD.

We also asked students if a CPA is more valuable than a PhD for the practice of accounting. The results were tri-modal and are presented in Figure 5. Overwhelmingly, students agreed that a CPA was more important for the practice of accounting.

**Figure 5:** *Is a CPA more valuable than a PhD for practice of accounting?*

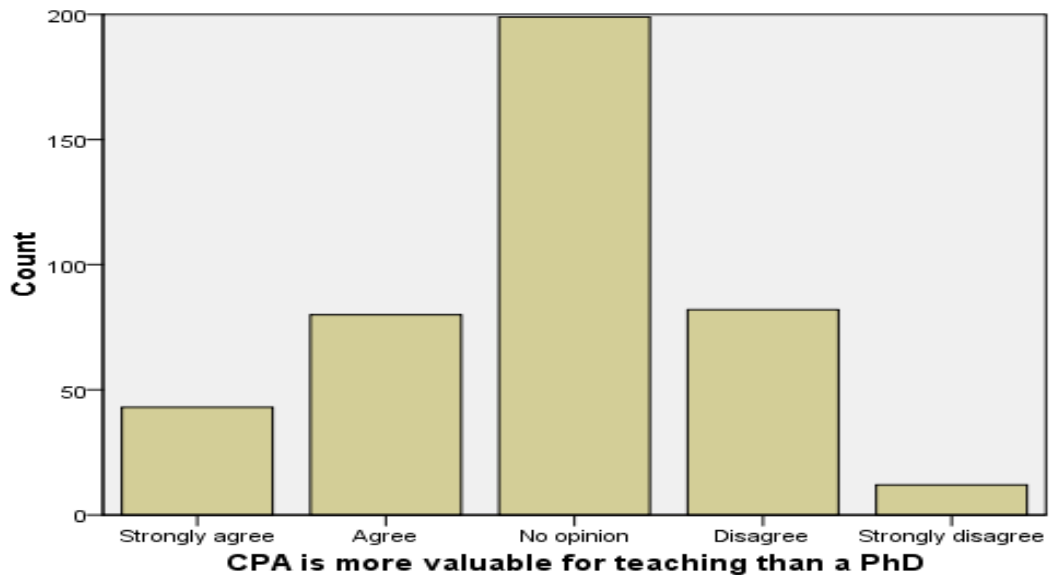


We asked students if a CPA is more valuable than a PhD for teaching. 47.8% (n=199) had no opinion, 29.1% (n=123) strongly agreed or agreed that a CPA was more valuable for teaching where as 22.2% (n=94) disagreed or strongly disagreed. The results are shown in Figure 6 and the graph in Figure 7.

**Figure 6:** *Is a CPA is more valuable for teaching than a PhD?*

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	43	10.2	10.3
	Agree	80	18.9	19.2
	No opinion	199	47.0	47.8
	Disagree	82	19.4	19.7
	Strongly disagree	12	2.8	2.9
Total	416	98.3	100.0	
Missing System	7	1.7		
Total	423	100.0		

**Figure 7:** *Is a CPA more valuable than a PhD for teaching?*



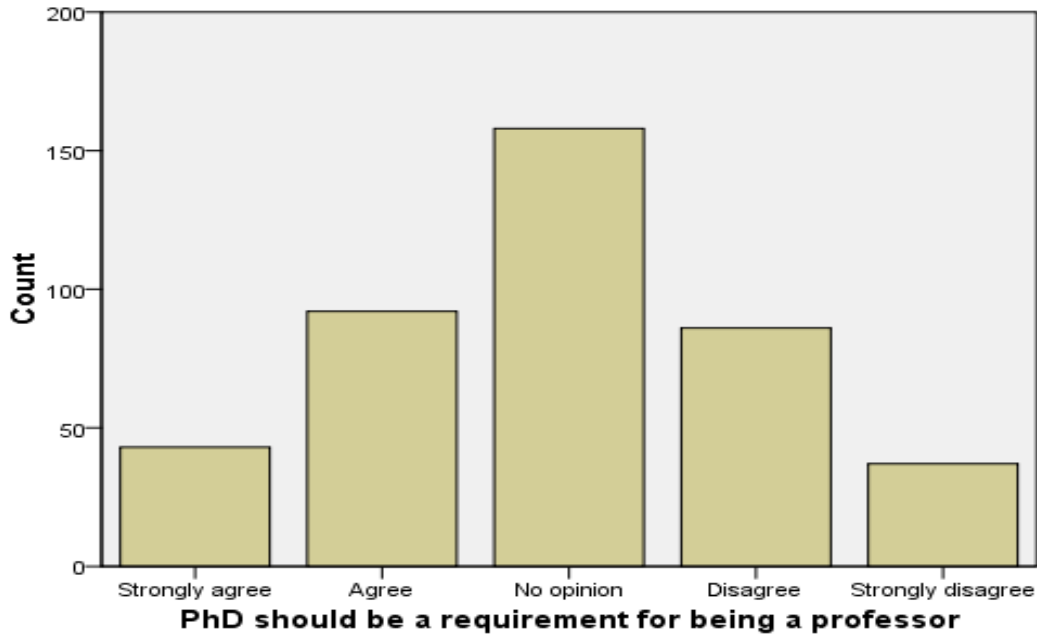
The results were similar when we asked participants if a PhD should be required for being a professor. 38% (n=158) had no opinion and another 42% (n=178) disagreed or strongly disagreed. The results are presented in Figure 8 and the graph in Figure 9.

**Figure 8:** *Should a PhD be required for being a professor?*

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	43	10.2	10.3
	Agree	92	21.7	32.5
	No opinion	158	37.4	70.4
	Disagree	86	20.3	91.1
	Strongly disagree	37	8.7	100.0
	Total	416	98.3	100.0
Missing	System	7	1.7	
Total		423	100.0	



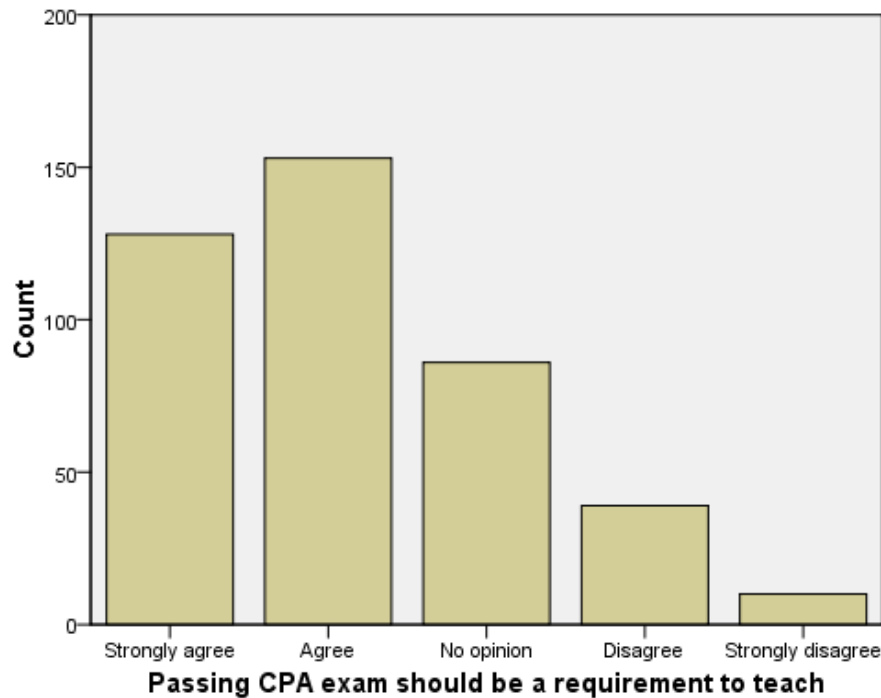
**Figure 9:** *Should a PhD be required for being a professor?*



Here we see a more even distribution of opinion leading us to believe that students are more ambivalent about the need for a professor with a PhD.

We asked students if they believed a CPA certificate should be required to teach accounting. 66.5% strongly agreed or agreed that a CPA should be required to teach accounting. This is represented in Figure 10.

**Figure 10:** *Should passing the CPA exam be a requirement for teaching?*



When we asked students to recall their best accounting professor, 7.8% (n=33) said s/he had a PhD but no CPA, 63.8% said s/he had a CPA and a Masters and 7.1% (n=30) said s/he had only a CPA. 15.1% said they didn't care about their professors' credentials as long as they could teach.

**CONCLUSION AND SUMMARY**

Our findings suggest that most students believe that their professors' credentials did not matter. Moreover, a high percentage disagreed or strongly disagreed that a PhD should be the requirement to become an accounting professor, and other students had no opinion. In addition, other students did not care about the professors' credential as long as they could teach. However, they overwhelmingly said they believe an accounting professor should have passed the CPA Exam. A significant amount of students will complete their accounting education at the Bachelors or Masters level, and few will pursue a PhD in accounting. Reflected in the findings, a large amount of students said their best professor had a CPA or CPA and a Masters while others recalled that their professors had a PhD.

The findings show that many students are not concerned about the professor's credentials. A professor that is a Certified Public Accountant (CPA), a professor who has professional experience, or professors with a PhD in accounting with limited or no professional experience are not perceived to have much influence on the students' decision to further their studies in the accounting field. This finding suggests that many students do not see the necessity to go beyond the Bachelors and Masters in accounting programs. This means that most students want to attain a Bachelors or Masters degree in accounting. Considering these findings allows us to become more acquainted with how students view accounting professors.

Furthermore, our findings that most students believe that their professors' credentials did not matter or, moreover, a high percentage disagreed or strongly disagreed that a PhD should be the requirement to become an accounting professor, aligns with the report conducted by The Pathways Commission. They believe they are "going well beyond this to develop in students an entry-level base of necessary professional skills...This educational responsibility has both curricular (what we teach) and pedagogical (how we teach) dimensions" (The Pathways Commission, 2012). Although the findings make clear that students are more concerned about how the professors teach, it also shows that many students are not concerned with the professor's credentials. This may raise concerns for in-depth research to understand the main factors contributing to students not seeing the importance of the professor's credentials. The findings also show that many students will terminate their accounting degree at the Bachelors or Masters level. This could be due to other factors, for example, economic constraints or career opportunities presented to the students.

Students may also believe it is in their economic interest to commence their careers as soon as possible, which may be a driving factor for students taking any opportunity presented to them. A 2005 study conducted by the American Accounting Association (AAA) and the Accounting Programs Leadership Group (APLG) estimated that, "from 2005 to 2008, the overall supply of new accounting PhDs will meet only 49.9% of the demand" (Noland, 2007). This problem is causing the accounting profession to explore new avenues of bridging the connection between the practical and academic community in order to remediate this shortage.

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