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The Accounting Ph.D. Crisis and the Profession's Response

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THE ACCOUNTING FACULTY SHORTAGE

The AICPA Foundation trustees say the shortage of accounting faculty threatens the future of the accounting profession. Without qualified faculty, colleges and universities will be forced to cap accounting enrollments; or worse, will be less inclined to offer accounting programs.

On Dec. 1, 2006, accounting department chairs from Wisconsin colleges and universities held a roundtable discussion with members of the WICPA. The meeting, scheduled and funded by the WICPA Educational Foundation Inc. dealt with the accounting Ph.D. shortage and its impact on the accounting programs in Wisconsin. A summary of the participants' ideas can be found in Linda Dicks' letter published in the Jan/Feb 2007 issue of *On Balance*. This article provides details on the shortage and identifies efforts within the profession for responding to the problem.

The foundation's newest initiative addresses the growing shortage of accounting faculty in U.S. colleges and universities. The Association to Advance Collegiate Schools of Business (AACSB International) has documented the increasing shortage of accounting Ph.D.s during a period of increasing enrollments and significant retirements over the next several years. In addition, two recent academic studies

show that the percentage of non-tenure-track (i.e., non-Ph.D.) faculty is growing.

Under AACSB International accreditation standards, faculty members are classified as either academically qualified (AQ) or professionally qualified (PQ). AQ faculty members normally have a doctorate in the field of teaching and PQ faculty members usually have a master's degree. The standards require a minimum of 50 percent AQ faculty members. This percentage increases for institutions with graduate programs.

In April 2004, the Accounting Program Leaders Group and the AAA measured the supply and demand for accounting Ph.D.s. They surveyed more than 1,100 accounting program leaders in North America. For 2005-2006, survey respondents planned to

percent younger than 35) and relatively inexperienced (62 percent with less than five years of full-time experience) group of students enrolled in the accounting Ph.D. programs. More than 40 percent come from outside North America and they value research more than teaching. For international candidates, teaching experience and language skills can also be issues. Since some of the international (non-North American) students will return to their country of origin, the supply of Ph.D.'s as noted above, is overstated.

THE PROFESSION'S RESPONSE

While AACSB does not anticipate changing its standards with regard to qualified faculty, schools can hire profes-

Table 1

Estimated Demand and Supply: Accounting Ph.D. Graduates 2005-2008

| SPECIALIZATION | DEMAND | SUPPLY | SHORTAGE | % OF DEMAND MET |
|-----------------|--------|--------|----------|-----------------|
| Audit | 114 | 26 | 88 | 22.8% |
| Financial | 118 | 93 | 25 | 79.0% |
| Managerial/Cost | 309 | 283 | 26 | 91.6% |
| Tax | 114 | 31 | 83 | 27.1% |
| Systems | 66 | 37 | 29 | 55.7% |
| Multiple | 184 | 0 | 184 | 0.0% |
| Other | 37 | 1 | 36 | 2.8% |
| Total | 942 | 471 | 471 | 50.0% |

have at least 60 percent as AQ. The committee also surveyed 83 North American universities that offer accounting doctoral programs. The committee found that the supply of accounting Ph.D.s is not expected to change in the near future. Table 1 provides data for the projected shortage.

Another issue for many institutions is that starting salaries for new Ph.D.s have increased dramatically in the past five years, making it more difficult for many schools to hire because of budgetary constraints.

PROFILE OF CURRENT PH.D. STUDENTS

The report of the AAA/AAPL Ad Hoc Committee gathered data regarding the makeup of current students in 90 Ph.D. programs. The data shows a young (72

sional (non-Ph.D.) qualified faculty, who have a master's degree and substantial professional experience. AACSB plans to offer a seminar program to assist those individuals who are interested in transitioning into the role of faculty member. The association is also developing plans for an academic qualification program that would, for example, transition Ph.D.s in economics to finance faculty positions. AACSB is also creating a faculty development bridge program for individuals who seek or currently hold professional or clinical faculty positions. The program will provide training in pedagogy and techniques and academic culture and issues. One suggestion from the AACSB for making Ph.D. programs available to more students is the collaboration between schools to offer joint Ph.D. courses.

Accounting firms are responding to the shortage. Dennis McNally, US chairman and senior partner of Pricewaterhouse Coopers LLC, says the firm will provide some financial support for those individuals that leave the firm to enter a Ph.D. program in accounting. The KPMG Foundation currently has two programs that provide funding to African-American, Hispanic-American and Native American doctoral students.

The AAA/AAPLG Committee suggests including increasing information to potential Ph.D. students, providing greater support to Ph.D. students, reducing the costs to Ph.D. students, reducing the "costs" to Ph.D. programs and diversifying training across teaching specialties.

The Brigham Young University Master of Accountancy program includes a Ph.D. Prep Track that prepares students to enter a Ph.D. program in accounting at another university. Although on an informal basis, other institutions such as Marquette University are encouraging top masters-

level students to enter Ph.D. programs. For example, Jodi Bellovary (a 2005 MSA graduate) is completing her second year of doctoral studies at UW-Madison. Similar to the AACSB academic qualification program, the University of Illinois is considering a program whereby Ph.D.'s from other areas can transition to accounting. Representatives of Case Western University have indicated they are considering modifications to their program, such as weekend courses combined with distance learning, to provide more flexibility for the Ph.D. candidates.

CONCLUSION

Responding to the challenges presented by this shortage, the WICPA, AICPA, AAA, accounting firms and accounting programs have taken recent action. There are no easy short-term fixes. Increasing the supply of Ph.D.s over the next several years will be a very difficult task because Ph.D. programs are likely to continue to limit enrollments and the AACSB is not

likely to change its standards for minimum Ph.D. faculty. In the short term, many accounting programs will continue to hire more non-Ph.D.-qualified faculty members even though one academic study suggests this may reduce graduation rates. Feasible solutions must be long-term oriented, focusing on attracting people to Ph.D. programs and supporting their study. ● ● ●

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