

The Accounting Doctorate Shortage



OPPORTUNITIES FOR PRACTITIONERS

Now more than ever, the accounting profession needs practitioners to get their backpacks and head from the boardroom to the classroom. The reason? The current U.S. shortage of accounting faculty with doctorates will soon reach critical levels, and while pay for newly hired accounting faculty has increased significantly, the shortage continues.

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*This article is based on a study funded
by the IMA® Research Foundation.*

This combination of great need and increased compensation may have changed the landscape for practitioners contemplating a move into academia. The merits of such a transition seem obvious, extending well beyond the mere need to solve the current and growing shortage of accounting doctorates. If more practitioners pursued doctorates and transitioned to careers as accounting professors, students would reap the benefit of practical experience. It's a win-win. Practice would then benefit from an influx of new professionals whose educational experience included this exposure, so it makes sense for both academia and practice to encourage and support such transitions from practice to academia. Unfortunately, many hurdles exist.

To facilitate a transition in large enough numbers, there needs to be an increased and purposeful effort to identify and address the obstacles that currently impede such transitions. We'll delve into the various aspects of the challenge and summarize insights of individuals who have made the transition; present the dimensions of the shortage; examine key results of our IMA® (Institute of Management Accountants) Research Foundation-sponsored survey; and provide implications, suggestions, and resources that may prove useful to practitioners considering the transition to a full-time academic career.

Faculty Shortage and Impact on the Accounting Profession

The shortage of new accounting faculty has been the topic of much discussion and concern over the past decade within academia and practice, as well as among policymakers. In 2003, the Association to Advance Collegiate Schools of Business (AACSB) discussed this shortage in "Sustaining Scholarship in Business Schools," where it stated, "Unless decisive action is taken to reverse declines in business doctoral education, academic business schools, universities, and society will be faced with inevitable erosion in the quality of business education and research." At that time, the overall shortage of academically qualified (AQ, those with a doctorate) business faculty was estimated to be approximately 1,142 and projected to grow to 2,419 in 10 years. The key drivers of the shortage included increasing global demand for business education at both the MBA and undergraduate levels, schools' desire to satisfy accreditation standards of quality, and the then-current and anticipated rate of faculty retirements based on demographics.

In a later study, R. David Plumlee, Steven J. Kachelmeier, Silvia A. Madeo, Jamie H. Pratt, and George Krull

("Assessing the Shortage of Accounting Faculty," *Issues in Accounting Education*, May 2006) estimated that the overall supply of new accounting faculty across all specialties for 2005 to 2008 was only 49.9% of the number demanded. They go on to state that candidates were expected to supply only 27.1% of the tax faculty and 22.8% of the audit faculty demanded for the same time period.

This shortage also concerns policymakers and the accounting profession at a time when these groups desire to infuse more practical knowledge into the classroom. The U.S. Department of the Treasury's Advisory Committee on the Auditing Profession stated in its 2008 final report, "There are concerns about the adequate supply of accounting faculty and about the need to have faculty who can inject more practical experience into classroom learning." The report also said, "Encouraging practicing accountants to pursue careers as academically and professionally qualified faculty would bring practical business experience to classrooms so that students are better prepared to perform quality audits in the dynamic business environment."

Taking note of the shortage, more than 65 of the largest accounting firms and 48 state CPA societies joined with the AICPA Foundation to establish and fund the Accounting Doctoral Scholars (ADS) Program in 2008. To help practicing public accountants in audit or tax pursue a doctoral degree on a full-time basis, the ADS committed to providing more than \$17 million in support through annual \$30,000 stipends for up to four years. In return, accountants need to commit to pursuing permanent positions in academia (teaching and research) in the areas of audit or tax.

Practitioner Perceptions

Because hiring practitioners is a potential solution to the faculty shortage, researchers studied practitioners' perceptions of academia. The results appeared in "Addressing the Accounting and Auditing Faculty Shortage: Practitioners' Perceptions of Academia," by Douglas M. Boyle, Dana R. Hermanson, and Michael O. Mensah in the June 2011 edition of *Current Issues in Auditing*. They interviewed 30 current practitioners and discovered that practitioners find many factors associated with an academic career attractive (for example, work/life balance, giving back and helping students, schedule flexibility). But several hurdles exist. Examples include cost and time to obtain a doctoral degree, perceived compensation compared to industry, and research and publication require-

Making the Transition from Practice to Academia

One major concern for those considering a transition from practice to academia is, “What can I expect the transition to look like?” Two articles profile the experiences of those who have made such a transition, and we encourage interested readers to consult both. In “Teaching for the Love of It,” Randy Myers presents stories of eight practitioners who transitioned into academic careers (*Journal of Accountancy*, June 2006). Among the insights emphasized are the flexibility of academic careers, the higher-than-expected compensation in academia, the role of hard work in academia, the importance of research, and the need for a good fit between a professor’s research interests and the university’s requirements.

In “A Different Model for Doctoral Education in Accounting and Auditing: Student and Faculty Reflections,” which appeared in the June 2012 edition of *Current Issues in Auditing*, Carol C. Bishop, Douglas M. Boyle, Richard R. Clune, and Dana R. Hermanson present the experiences of three highly experienced practitioners who transitioned from practice to non-traditional doctoral programs (two in Kennesaw State University’s Doctor of Business Administration [DBA] program and one in Case Western Reserve University’s Doctor of Management [DM] program) as well as one faculty member in Kennesaw State’s DBA program. The many insights include the students’ appreciation and enjoyment of academic research; the favorable compensation in academia; the importance of listening, learning, and building relationships in academia; and the role of practice experience in identifying research questions and promoting organizational and project management skills, which are critical to research success.

ments. The participants also questioned the value of a doctoral degree in accounting and perceived the compensation of an accounting professor to be significantly lower than the actual compensation. These findings motivated additional investigation using larger samples.

Most recently, we performed a study using a grant from the IMA Research Foundation. We surveyed 231 practicing members of IMA and will discuss some key findings. (Because of missing responses, some questions have slightly fewer than 231 responses.)

Demographic Summary

Most of the study’s participants are male (56%), very experienced (84% have more than 10 years of experience), and hold at least one certification (74%), with the CMA® (Certified Management Accountant) and CPA (Certified Public Accountant) being the most common. The participants are well-educated (59% hold graduate degrees) and work for for-profit private or public companies (40% and 29%, respectively).

Awareness of Shortage

We asked the participants to indicate their perception of the AQ accounting faculty shortage in the U.S. on a scale of 0 to 100 (0 = the demand significantly exceeds supply, i.e., too few faculty; 50 = supply and demand are equal; and 100 = supply significantly exceeds demand, i.e., too many faculty). The overall average score of 41.3 indicates that practitioners have some awareness of the shortage, but the results imply that they may underestimate the critical extent of the problem. That’s why additional communication may be necessary to better inform practitioners of the issue, its future impacts, and the resulting potential career opportunities for those interested in an academic career.

Value of Practitioners in Academia

We asked participants to assess the value of attracting accounting practitioners into doctoral programs based on a scale of 0 to 100 scale (0 = low value, 50 = moderate value, and 100 = high value). The overall average score of 67 indicates that the participants believe that practitioners would provide moderately high value to accounting programs. In combination with previous feedback, it seems clear that practitioners generally believe that practical experience on the part of faculty is an important component of an effective accounting education. One participant illustrates this sentiment:

“I would rather have an experienced practitioner as a

professor than a person who has spent their entire career in academia. Real-world experience is extremely valuable. If the goal is to increase the number of practitioners who become professors, you need to show that it is a financially viable option, as well as create a system in which an accounting professional is willing and able to dedicate the time and effort earning a meaningful Ph.D. that will translate into a new career.”

Interest in Teaching and Related Factors

Overall, the participants’ interest level for teaching on a *part-time* basis is moderate, with an average score of 53.6 on a 0 to 100 scale (0 = low interest, 50 = moderate interest, and 100 = high interest). While the average participant score may be interesting, the key statistic is the percentage of practitioners who express relatively high interest in such a pursuit. Forty-three percent of respondents give a score of 70 or more, indicating a relatively high level of interest in teaching on a part-time basis.

Though part-time teaching can contribute to the overall quality of accounting education, it doesn’t address the shortage of AQ faculty. Thus, the participants’ interest in teaching on a *full-time* basis is of particular interest. With a mean score of 28.9, however, the result is markedly lower. Because teaching on a full-time basis would entail a complete career change and, in most cases, the pursuit of an advanced educational degree, such a finding is hardly surprising. It’s worth noting that 16.5% of respondents indicate that they have a relatively high level of interest in teaching on a full-time basis (score of 70 or more). This is extremely promising given that only a small fraction of the large pool of practicing professionals would need to pursue a career in academia to significantly reduce the faculty shortage.

Enabling and supporting highly interested practitioners to transition into careers in academia is a solution well worth pursuing (see “Taking Steps Toward Academia” by Linda E. Laufer on www.newyorklawjournal.com). Because enabling practitioners to make such a transition requires a better understanding of the factors that currently promote or thwart such transitions, we asked participants to rate potential factors in order to gain a better understanding of their relative importance to the decisions of interested practitioners.

We measured the factors that *increase* practitioner interest in pursuing a full-time career in academia on a seven-point scale (1 = does not increase participant’s interest, 4 = moderately increases participant’s interest,

Table 1: Factors Related to Academic Careers that Increase a Participant’s Interest in Pursuing a Full-Time Career as an Accounting Professor

FACTOR	MEAN
Flexibility in work schedule in academia	5.4
Satisfaction from helping students	5.3
Participating in developing the profession through educating young professionals	4.9
Student interaction in academia	4.7
High quality of life in academia	4.5
Fewer work hours in academia than in industry	4.4
Love of teaching	4.3
Opportunities for consulting in academia	4.2
Opportunities to perform research in academia	3.3

(1 = Does Not Increase Interest to 7 = Significantly Increases Interest)

and 7 = significantly increases participant’s interest). As Table 1 shows, many factors increase practitioner interest. The top three are:

- ◆ Flexibility in work schedule (5.4),
- ◆ Satisfaction from helping students (5.3), and
- ◆ Participating in developing the profession through educating young professionals (4.9).

On average, participants don’t view the opportunity to perform research in academia as a factor that significantly increases their interest (score of 3.3). Because performing research is an integral part of most professors’ jobs, practitioners may need to consider this aspect of the job carefully before a move to academia. Furthermore, interested practitioners may benefit from becoming more familiar with the differences in research and teaching expectations at different tiers of universities. Doctoral-granting universities may place high value on publishing research in the top five academic accounting journals and have a lower teaching load to support this type of research. Regional universities, on the other hand, may have higher teaching loads, but they will be more supportive of applied research, which practitioners are well-suited to pursue.

We measured the factors that *decrease* practitioner interest in pursuing a full-time career in academia on a seven-point scale (1 = does not decrease participant’s interest, 4 = moderately decreases participant’s interest, and 7 = significantly decreases participant’s interest). Table 2 shows the results. Practitioners most commonly

identified the following factors as decreasing their interest:

- ◆ The time associated with pursuing a doctoral degree (6.0),
- ◆ The financial cost associated with pursuing a doctoral degree (5.9), and, to a much lesser degree,
- ◆ Concerns about differences in compensation between industry and academia (4.5).

Working in an academic environment, being an effective teacher, or managing students aren't viewed as major concerns by respondents.

The practitioners' concerns related to the potential compensation differences between industry and academia may be overstated, given their low response when asked to provide their perception of the average academic year base salary for new hires with an accounting Ph.D. at nationally accredited institutions. The most frequent and median response was \$71,000 to \$80,000, which is significantly lower than the actual compensation of \$135,500 for that position, according to the 2011-2012 AACSB Annual Survey.

Support for Flexible Doctoral Programs and Related Investment

We asked participants to indicate their level of support for nationally accredited doctoral programs that "admit experienced practitioners" and deliver them through nontraditional channels based on a 0 to 100 scale (0 = low support, 50 = moderate support, and 100 = high support). They indicate moderately high levels of support for both part-time and distance learning programs, with mean scores of 70.4 and 68.8, respectively. The comments of two participants reflect this support:

"A part-time accredited doctorate program in accounting would be an excellent way to attract current accounting executives into the student and research realms. This would create a larger pool of input into accounting regulations and provide greater interest into accounting research. This is specifically important in the international accounting subjects, which have created a new focus on the need for regulation and uniform practice. I cannot emphasize enough how practical experience in the workforce provides a needed source of input in teaching and the creation of standard accounting practices and regulations."

"A national program that was available would be of great interest when job transitions occur. Such a program should include a method to assess career experience and professional certifications for doctoral requirements. The key is to offer a flexible program that fills in the gaps. In my opinion, a number of CFOs or controllers would be

Table 2: Factors Related to Academic Careers that Decrease a Participant's Interest in Pursuing a Full-Time Career as an Accounting Professor

FACTOR	MEAN
The time associated with pursuing a doctoral degree	6.0
The financial cost associated with pursuing a doctoral degree	5.9
Concerns about differences in compensation between industry and academia	4.5
Not enough information about what a full-time career in accounting academia involves	3.6
Concerns about being an effective researcher	3.6
Challenges associated with managing students	3.2
Concerns about being an effective teacher	3.1
Concerns about working in an academic environment	3.0

(1 = Does Not Increase Interest to 7 = Significantly Increases Interest)

interested in an academic option especially during a period of job transition. A number would also be interested in switching to an academic role if there was a timely and reasonable bridge from a cost point of view. Loss of earnings would be offset by academic lifestyle."

When asked about the likely quality of such a part-time program as compared to current full-time traditional doctoral programs on a scale of 0 to 100 (0 = significantly lower quality for the part-time program, 50 = same quality, and 100 = significantly higher quality), the overall average score from participants is 69.5. This demonstrates that practitioners believe that nationally accredited part-time programs that admit experienced professionals would be of higher quality than traditional programs. Because the current availability of such programs is limited, it may warrant expanding current programs and establishing additional ones.

Participants expressing a high level of interest (score of 70 or more) in pursuing a part-time doctorate were asked a series of questions related to that pursuit. When asked how many hours per week they are willing to invest in the program, the median response is 16 hours to 20 hours. In regard to the number of years they are willing to invest to complete the program, the median response is six years. The current flexible programs that exist appear to require more time per week, but the total program length is shorter. We also asked this group how much they would be willing to pay for the total cost of such a part-time

program. The average is approximately \$40,000. This figure is significantly lower than the average cost of such programs and, as a result, participants may need a high level of financial support to supplement the investment (see “A Different Model for Doctoral Education in Accounting and Auditing: Student and Faculty Reflections” by Carol C. Bishop, Douglas M. Boyle, Richard R. Clune, and Dana R. Hermanson in the June 2012 edition of *Current Issues in Auditing*).

Implications

The implications for practitioners, particularly those interested in teaching, include:

- ◆ A shortage of AQ faculty in the U.S. currently exists and is projected to reach a critical level in the near future. This shortage may affect the quality of accountants entering the job market and also provide potential career opportunities for interested practitioners.

- ◆ Practitioners place a relatively high value on having experienced professionals pursue careers in accounting academia and indicate relatively strong support for part-time and distance learning doctoral programs that admit these professionals. In addition, they indicate that they believe these types of programs would be of higher quality than traditional programs.

- ◆ The percentage of practitioners (16.5%) who express a relatively high level of interest in teaching full-time suggests that the number of practitioners interested in transitioning into academia may be large enough to significantly reduce the shortage. The provision of flexible doctoral programs will likely be a key enabler for interested individuals.

- ◆ The top factors that practitioners indicate would increase their interest are flexibility in work schedule, satisfaction from helping students, and participating in developing the future of the profession. The top factors that decrease interest are the time and cost of pursuing a doctoral degree and concerns about the differences in compensation between academia and practice.

- ◆ It's important to note that practitioners' estimates of academic compensation appear to be significantly understated. Several resources may provide interested practitioners with a better understanding of the compensation and work expectations within academia, including The AACSB's *2011-2012 Salary Survey Reports Executive Summary* (www.aacsb.edu/publications/datareports/salary-survey/2011-12.pdf) and “What it Means to be an Accounting Professor: A Concise Career Guide for Doctoral Students in Accounting” by Brooke Beyer, Don

Herrmann, Gary Meek, and Eric Rapley (*Issues in Accounting Education*, May 2010). In addition, interested practitioners may benefit from becoming acquainted with the differences in research and teaching expectations at different tiers of universities.

- ◆ Opportunities exist to teach on a part-time basis, which provides a direct avenue for interested practitioners to experience teaching and learn about teaching and classroom methods before making the leap into academia. Interested practitioners should consider teaching as a part-time adjunct and attending the AACSB Bridge Program (www.aacsb.edu/bridge/default.asp).

- ◆ Full-time and flexible AACSB-accredited doctoral programs exist. To assist your search for flexible programs, consider reading “A Different Model for Doctoral Education in Accounting and Auditing: Student and Faculty Reflections” by Carol C. Bishop, Douglas M. Boyle, Richard R. Clune, and Dana R. Hermanson (*Current Issues in Auditing*, June 2012, <http://aaapubs.org/doi/pdf/10.2308/cia-50117>). If you're contemplating a full-time traditional program, consider applying to the ADS's program (www.adsphd.org/index.asp).

The AQ faculty shortage provides significant challenges and opportunities for the accounting profession. This article should help educate the profession about the current shortage and provide those interested in pursuing a career in academia with useful suggestions and resources for their pursuit. **SF**

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