

**A**t a time when demand for accountants is increasing, educational institutions nationwide are facing a crisis: an ongoing shortage of qualified accounting professors with doctoral degrees. This trend is the result of a demographic that is affecting society as a whole. Barry C. Melancon, CPA, president and CEO of the AICPA, points out that institutions are faced with an aging population of accounting faculty, predominantly baby boomers, who are nearing retirement. Ten years ago, colleges were producing 200 Ph.D. candidates a year, whereas now that is down to about 100. A 2002 report from AACSB-International predicted that by 2010, universities would be short more than 2,400 Ph.D.s. There are not enough faculty members with doctoral degrees to continue our current educational system.

Currently, most CPA candidates earn an accounting degree from an institution that employs doctoral degree faculty. One measure underscoring the need for doctoral degree faculty is accreditation by AACSB-International. In 2007, 77 percent of the Wisconsin CPA candidates were from Wisconsin institutions with AACSB accreditation.

To understand better the impact of this crisis, consider the different categories of institutions offering accounting programs:

- Research intensive programs, often offering doctoral degrees
- AACSB-International Accredited Comprehensives (Comprehensives)
- Schools without AACSB-International Accreditation

The three categories are not a perfect fit but generally are descriptive for Wisconsin and U.S. institutions. Research intensive programs have been reasonably successful in recruiting new doctoral candidates. They offer substantially higher salaries and have the necessary resources to conduct research. Unless institutions are planning to pursue AACSB accreditation, they rarely seek doctoral candidates to fill accounting faculty positions as they lack the necessary resources. Thus, the shortage of doctoral qualified faculty impacts the comprehensives most.

## The crisis

Looking at information from the American Accounting Association's placement center, the crisis is evident. The following table provides the number of resumes and institutions posting positions since 2003:

**Table 1**  
**Accounting Resumes and Institutions Seeking Them by Year**

Year	Resumes	Institutions
2003	51	112
2004	78	154
2005	68	174
2006	59	208
2007	96	222
2008	95	208

The table highlights the disparity between institutions seeking doctoral faculty and the number of both new Ph.D.s and current Ph.D.s seeking positions. Simply put, most searches are doomed to failure. In 2008, there were 95 candidates and 208 institutions, some searching for multiple candidates.



# Crisis in the classroom:

Schools attempt to  
address accounting  
Ph.D. shortage

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The cause of the surge of institutions posting positions is mostly due to retirements. In 2007, David Leslie estimated there would be 500 retirements a year and only 140 new Ph.D. candidates. In 2008, Hasselback et al. reported that Leslie was slightly optimistic on the number of new Ph.D. candidates. No data was given on retirements, but with 45 percent of doctoral faculty 55 or older and an additional 18 percent 50 to 54, the number of openings will grow. Both Leslie and Hasselback et al. reported that the total number of doctoral faculty decreased by more than 10 percent over the past 10 years so the crisis is now. Wisconsin is no different. In 2008, University of Wisconsin System reported that three of five faculty were 55 or older compared to just one in five as recently as 10 years ago.

## Reactions to the crisis

Institutions have tried to confront the crisis in a number of ways, although no one approach is entirely successful.

- Increasing faculty salaries
- Recruiting faculty from other schools and retaining current faculty
- Growing your own

Salaries for new faculty with Ph.D.s in accounting have gone up sharply. There is now a chasm between the salaries for faculty at research intensive programs and the faculty at comprehensives. Including research incentives and summer compensation, the difference in salaries is close to \$100,000. Second, new accounting faculty, no matter the program, are among the highest paid at the institution. Comparing new faculty salaries to existing faculty salaries leads to the second issue of recruiting and retaining existing faculty.

The money to pay faculty must come from somewhere. One solution is to downsize. For example, an institution could turn three old faculty positions into two new ones with perhaps some part-time support. This solution has obvious negative impacts on the department's ability to meet the needs of students.

Existing faculty are in demand by other schools. Many new hires have switched schools. To protect existing faculty, the UW System, through its "faculty recruitment and retention," has helped adjust salaries in order to make them closer to market.

Growing your own offers the best overall solution. It actually increases the number of individuals interested in local faculty positions. Institutions are trying to identify current students or recent graduates who are interested in pursuing a doctoral degree and then returning to their alma mater upon completion. Of course, there is no certainty that the individual will be successful in a doctoral program, that the alma mater will have a position at the right time, or that the candidate will not choose to go elsewhere for more money or more research support. In addition public institutions are limited in their ability to provide support to these individuals.

A second version of growing your own is creating academically qualified instructors without accounting Ph.D.s. One possible solution is to hire an individual with an accounting bachelor's or master's degree and a law degree (J.D. and LL.M.) in the tax area. This individual has the research skills for tax with the accounting expertise necessary to be successful in the classroom.

The third version is to help an individual create the academic accounting background similar to an accounting Ph.D. degree. This is a possibility for an individual who has a Ph.D. degree other than accounting with research in the accounting area. Recent circumstances have created a temporary surplus of information systems Ph.D.s. Some of these can be candidates in accounting.

## Reasons to hope

There have already been setbacks due to the shortage of accounting Ph.D. degrees. There will be more in the near future, but there are four reasons to hope:

- Economic downturn
- Creativity of institutions
- Women entering Ph.D. programs
- The accounting profession

The economic downturn has had a significant impact on retirement portfolios, which may help to postpone retirements for a few years. Unfortunately, the economic downturn has already resulted in a reduction of state support for public institutions.

Institutions' creativity has already resulted in some interesting solutions such as utilizing lawyers and Ph.D.s from other disciplines. Any solution must allow for flexibility among institutions.

Women may be the champions of accounting education. According to Hasselback et al., women earned 4 percent of the accounting doctorates prior to 1978, but earned 44 percent of them in the last decade. An influx of women will make a difference.

Lastly, the profession has recognized the problem as indicated earlier by Melancon's comments. The shortage of doctoral faculty is not the only issue confronting accounting education but in planning for the future, it is the one issue that cannot be ignored.

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