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Why Choose Accounting?

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Why Choose Accounting?

by Carrie Fenwick

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It seems that whenever someone mentions the word “accountant,” an image of a balding man hunched over a calculator comes to mind. Accounting is believed to be a dry, uneventful job, and because of this many students do not consider it an option. However, there really are quite a lot of advantages. It is my goal to clear up some of these misconceptions, and to give the reader a realistic vision of what a career in this field would be like.

Despite this outdated and somewhat stuffy perspective, accounting is actually a very diverse and exciting field. For example, one could do the public’s taxes while working for a small firm, work for a corporation, or even start their own business. It’s a secure job choice because there will always be a need, and though there may be some changes, the education never becomes obsolete. Accounting also provides a great amount of personal freedom. It would be a great career choice for a mother who wants to work out of the house, as well as assuring free nights and weekends when it’s not tax season.

The first question for someone considering accounting should be “What education is required?” According to the Bureau of Labor Statistics, most accountants need at least a bachelor’s degree in business, accounting, or a related field. After this, many accountants choose to take an exam and become a Certified Public Accountant. Recent changes require that “150 hours of schooling be completed before the exam can be administered” (Zuckerman, 63). Good news, however, is that due to the demand for CPA’s “the entry-level salary has been increased to \$45, 723 as of 2006. Also, the median annual wage earnings is \$54,630 (as of 2006)” (63). This is a field that holds bright prospects for graduating students.

Accounting offers a surprising amount of variety, and it can be divided into four major fields. The Bureau of Labor Statistics categorizes them as “public, management, government accounting, and internal auditing” (United States 1). Each field in accounting has its own specific duties. In an average day, accountants are expected to multi-task and meet deadlines. Corporate accountants record and analyze the financial information of the companies for which they work. Their responsibilities include “budgeting, performance evaluation, cost management, and asset management”(2). They also are expected to prepare financial reports. Government accountants work publicly, and they maintain mostly government records. The Federal government employs individuals in the IRS, but a large number of jobs are with State and local governments as well. Auditors look for “waste, mismanagement, or fraud” (2). Finally, public accountants have a broad range of duties. These include accounting, consultation, and tax services. There are many different work atmospheres to fit many personalities.

Most people know the basic duties of an accountant, but many still wonder what opportunity for growth there is, and what the issues being dealt with today are. In Christopher Boyce’s interview with Scott Voynich, a managing partner at Robinson, Grimes & Company, we are given a window into the life of man who won the 2005 Meritorious Service Award from the Georgia Society of Certified Public Accountants. Because of his job he has traveled one and a half million miles in a three-year span, become friends with the chairman of the SEC, and spent time with Mark Everson, the former head of the IRS. During the Question and Answer session, Voynich is asked by the panel to explain the differences between working for an individual and working for a nonprofit organization. He says that not only must accountants try to maximize revenues while minimizing

expenses, but they must also ensure that the investments are in accordance with the policies or teachings of that organization. When asked which national issues concerned him most he replied that “corporate misbehavior” was a major factor (qtd. in Boyce 4). Additionally, taxes were an issue because there are so many entities set to expire.

Of all the current issues facing modern accountants, corporate scandals are the most serious. It’s no secret that in recent years investors have been led astray and lost large amounts of money due to corrupt accounting practices. Notably, Enron and Global Crossing have been responsible for the most damage. In his book *Wheat, Deal, & Steal: Deceptive Accounting, Deceitful CEOs, and Ineffective Reforms*, D. Quinn Mills sets out to describe not only the methods used by such accountants, brokers, banks, and attorneys, but also their motivation and what consequences they now face. The bottom line is this: investors can be misled by executives because when CEOs benefit, employees with lesser positions benefit as well. Mills writes that “we’ll never know for sure how many audits of publicly traded companies in the United States in the late 1990s and early 2000s were flawed, but because of the restatement statistics we can be sure that far more than 1% of them were” (27).

The real source of all of these scandals, however, is what analysts refer to as “creative accounting.” This is when “accounting tricks are used extensively to fatten financial statements... there are three ways to do this: inflate sales, deflate cost, and understate indebtedness” (30). For example, Enron “claimed that contracts due in the future were worth more than they were. And most famously, it hid losses in partnerships, or what were legally called “special purpose entities” (SPEs)” (Lindstrom 2). In fact, these losses were hidden from the public for five years. Enron also created 4,000 SPEs, which are supposed to be “legally isolated from the company that created it” (2). As a result, they were fined one billion dollars. Finally, it should also be mentioned that Enron “priced the value of its deepwater drilling operations higher than what its reserves merited.” (2).

These practices, combined with dishonest corporate income, created a recipe for disaster. In retrospect, however, the Enron scandal has inspired the American public to be more careful when investing their hard-earned money. Also, regulations have become much stricter, and the Sarbanes – Oxley Act was introduced in 2002. This Act consists of eleven titles which lay the ground rules for such issues as auditor independence, corporate responsibility, corporate fraud accountability, and enhanced financial disclosures.

The light at the end of the tunnel is in sight for those harmed by Enron. On Wednesday, March 27, 2008, Citigroup, the final defendant in the “Mega Claims” lawsuit agreed to pay \$1.66 billion to the creditors of Enron Corp. The combined settlements give back a total of \$5 billion, which equates to “37.4 cents on each dollar the creditors had tied up in Enron” (Read 1). The hearing resolved two of the largest remaining claims for Citigroup. Despite these repercussions, however, the corporate world must still be on guard against future embezzlement.

Despite the field of accounting’s troubled past, the future promises to be bright. There have already been advancements in the accounting industry as it has moved into the electronic age. Previously, accountants had to search for previous years’ tax returns in file rooms but they now can store “digital copies of tax returns in document management software” (Goodfellow 14). Also, instead of waiting for the fax machine to receive paperwork, some clients are given personal fax numbers so they can send the documents as attachments to email accounts. The job outlook is also quite promising as “employment is projected to increase by 18%” (United States 8).

Currently there are a greater number of job openings than graduates, and in an attempt to aid in recruitment and retention, the American Institute of Certified Public Accountants has increased its efforts. They have begun a “recruiting program which begins in elementary school and continues through the early college years” (Elfrink 70). This is in an effort to educate children about a field that they might otherwise have not considered. The AICPA has also initiated a multimedia campaign called “Start Here. Go Places.” as well as compiled information packets for classroom presentations.

Additionally, “individual states such as Alabama, Missouri, and Indiana have begun programs of their own in an effort to increase progress” (71).

Finally, the American Institute of Certified Public Accountants is the most popular professional association in the United States. They have a variety of memberships, but to become a regular member one must have passed the CPA exam and be certified to practice, pass an exam on accounting and other related subjects which is satisfactory to the AICPA Board of Directors, and complete 120 hours of continuing professional education for every three-year reporting period. The perks of being a member include a subscription to both *The CPA Letter* and *The Journal of Accountancy*, access to the AICPA library, retirement programs, and insurance programs as well.

The duty of upholding the dignity of this profession now falls upon those just entering the work force. We must obtain accountants who are capable, adept decision makers. Also, it is up to the new generation of accountants to change the stereotype of a socially-awkward, balding man. If the American public was more aware of the opportunities for growth and the many exciting positions available in accounting, I’m sure that more young people would consider entering the field. Especially now with the current state of the economy, we need as many great minds working together as possible. Above all, let us ensure that accounting practices are carried out with a strong sense of ethics and a firm desire for excellence.

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