

3-1-1999

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Recommended Citation

Rabinowitz, Allan, "Graduates at Risk: Non-Business Majors in a Financially Oriented World" (1999). *Faculty Working Papers*. Paper 32.
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WORKING PAPERS

No. 182 March 1999

Graduates at Risk: Non-Business Majors In a Financially Oriented World

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**GRADUATES AT RISK: NON-BUSINESS MAJORS
IN A FINANCIALLY-ORIENTED WORLD**

by

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INTRODUCTION

A grave injustice is being done to a significant percentage of the student population at our colleges and universities throughout the nation. They are not being prepared for a basic and universal aspect of their personal and working lives — that of accounting and finance. As a result, they will be at risk in their financial dealings at all times — at risk to themselves, their families, and their employers, among others.

REASONS FOR EXISTING VACUUM

It is worthwhile to review the underlying reasons for the prevailing circumstances. Foremost is the fact that the core curriculum for non-business majors in an institution of higher learning is generally crammed full of liberal arts or science courses with little or no room for business electives. (A notable exception is the non-business major with a business minor.) Then too, few if any recommendations are made by anyone, including business professors, to non-business majors as to the benefits of their taking accounting or financial courses.

Non-business professors typically spend a minimal amount of their working lives in non-academic entities where almost every supervisory position inherently involves some financial responsibility. Many of these people shy away from financial matters because it is not their area of interest or strength and thus are in no position to steer students toward business courses.

Today's business professors work less time outside of academia than was true in years past, and when they are so employed have limited, if any, interaction with operating personnel of the non-financial areas. As a result they can remain somewhat unaware of the ill effects caused by the lack of basic business education for non-business majors and not press for it. This also leads to the paucity of specially designed business courses for these students. Non-business students themselves rarely possess the facts needed to make informed and somewhat practical decisions about taking a business course. No one has told them of the dangers of not doing so and no one has recommended that they do so. This means they do not consider taking a business course, even one that has been structured to meet their particular needs.

NEED FOR BASIC FINANCIAL KNOWLEDGE

The need for a basic course in accounting and finance cannot be overstated. During my own full-time business and professional career of more than thirty years I worked with and met countless people who were college graduates or had some college education and were non-business majors. A surprising number of them had their careers negatively impacted by a lack of financial knowledge. These were otherwise talented or creative people who aspired to supervisory or managerial positions, but they were often relegated to less because of their perceived deficiencies in the financial areas.

I first witnessed this when I was assigned to a financial position in a major corporation that afforded me close and daily contact with operating people who had been non-business majors in college. At that point I had been teaching college accounting on an adjunct basis for four years and enjoyed interacting with others. I soon found that I had acquired a new student body — operating personnel in the workplace — an intelligent, inquisitive, receptive, and appreciative group.

At first I felt flattered and surprised by the contact and response of these people, then gladdened by the valid contribution I appeared to be making to their performances — particularly when it began to show up in heightened profits. But after awhile I was saddened by the high degree of dependence that these otherwise capable people had upon me for commonplace financial considerations. It was good to be needed, nice to see the positive results of my guidance, but I felt sorry for them.

As my career progressed I encountered many similar instances of operating personnel not able to function effectively in financial settings. Newly appointed supervisors or managers would experience serious problems when constructing budgets and at times made to suffer great pain and embarrassment in the preparation and defense phases, or when their plans subsequently bore insufficient resemblance to actual occurrence. It is difficult enough to peer into the future and ponder the variables when one possesses a good measure of financial acumen.

Operating people would regularly be called upon in the course of their work to negotiate with customers and vendors, to set selling prices, to evaluate purchasing costs and terms, to understand financial statements, to safeguard the financial interests of their employers, and to explain the financial performance or status of their areas to other managers or to financially astute executives.

It became evident to me that the executives and top managers of organizations, with fewer and fewer exceptions as time progressed, did possess a good measure of financial sophistication. Employees without an acceptable proficiency in financial matters would rarely be advanced beyond a certain point or entrusted with significant responsibility. And this, I noticed, was true in all organizations — governmental and not-for-profit as well as business.

By then I was firmly convinced that non-business majors were being done a disservice through the lack of attention paid by colleges to a critical part of their fundamental education. I recognized the great value I had gained from the liberal arts courses I had taken as a college student and began to feel that I had a more balanced perspective of the world and its ways as a business major than did the non-business major. I found it increasingly difficult to believe that nearly all non-business majors had never taken a single college course in business.

Taking a course in economics does not qualify as a business course because it does not get into the practical financial and accounting matters that people will need to cope with in their working and personal lives. Taking a business course at the high school level does not qualify because it is usually too basic and the students are not sufficiently mature or experienced to derive the proper value from the material covered.

A SUCCESSFUL TEACHING EXPERIENCE

After reflecting upon all of the foregoing for nearly fifteen years, an excellent opportunity presented itself. By way of a company acquisition, I became an employee of a major communications organization that believed strongly in providing continuing education to its employees that would aid them in their work. When my new employer learned that I taught accounting, they requested that I develop a basic accounting and finance course suitable for the needs of its non-financial personnel, which I gladly did.

That three-day course was presented seven times over the next few years, even after I had left that organization to join another company. This was so because the supervisors and managers, who were usually the students, readily recognized the value of the subject matter, found it understandable and were pleased that it provided answers to questions that many of them had for years and cleared up misunderstandings. It was continuously stressed that no pertinent question was considered too basic. They could ask their questions freely and comfortably in a non-threatening setting. Students consistently recommended the course to others so that it was always fully subscribed.

Most of those students were college graduates but none of them had been business majors. Nearly all had some college education but very few could recall any mention being made of the subject matter that we covered at any time during their college days. They uniformly expressed their thanks at the close of the course and quite a few renewed those thanks over the years as they had the opportunity to apply what they had learned. Many of them also expressed their deep regrets over not having taken such a course years before because of the now-obvious assistance it could have provided them.

An excellent learning and teaching tool for this course was the company's own annual report to its stockholders, a copy of which was furnished to each student. Many of them had seen it before but had rarely gotten beyond the narrative section because they couldn't comprehend the financial segment, which was quite extensive. Frequent references were made to this report during class so that it served as the focal point for the course. Participants were amazed at how much of it they could understand by the end of the course, which heightened both their interest and appreciation.

A GRADUATE COURSE IN BASIC FINANCE

Soon after this extended experience another opportunity appeared for me — a graduate course on basic financial matters for students interested in the publishing industry, which has now been offered annually since 1985. Here every student has been a college graduate with a non-business degree and the majority have worked for organizations. These people have performed well in the course, with an encouraging number doing very well. Again the material covered was totally new to nearly every one of them and their reactions were somewhat similar to those of the students in the company in-house course.

Of additional interest, recent college graduates have continued to indicate that the material covered was helping them in handling the financial concerns in their personal lives. Students who ran their own businesses or who did freelance work have stated that the course provided them with invaluable information in managing the financial side. Too often these people were unable to afford the services of more capable financial advisors or reluctant to rely too heavily upon any of them because of the bad experiences of other people. This course equipped them to do more for themselves and interact more effectively and comfortably with financial advisors.

ACCOUNTING IS A UNIVERSAL ART

All of the forgoing has reinforced my conviction that similar courses should be widespread, adequately publicized, and taken by a sizeable number of undergraduate non-business majors. Such courses would indeed prepare students to cope with financial matters and, perhaps, to avert problems and crises. However, even if students are informed of this course objective and convinced of its merit, an obstacle still remains; the negative image that accounting has in the eyes of the non-business majors — one involving tiresome or menial work and rather complex mathematical content.

Accounting, by and large, does not deserve the bad publicity it has gotten in many schools. It does possess an aesthetic and a great number of admirers. It has a pervasive utility in that it is employed universally to properly record and reflect the financial performance and status of every organization no matter what its mission or size.

Accounting is an art, created by people, which has functioned most effectively while rooted in the same relatively simple fundamental concepts since the first half of the fourteenth century. Accounting has the facility to summarize a myriad of recorded financial transactions, some of them quite complex and some highly significant, into very brief and meaningful financial statements. These statements, among other things, provide the basis for the stock and bond markets that exist throughout the world and permit all organizations and businesses to be financially evaluated.

Drudgery rarely enters today's accounting/ bookkeeping practice, because of the extensive application of computer and software technology to these areas. This is a mind-boggling departure from the situation that existed as recently as the 1950s and which lent substantially to the negative reputation of accounting that lingers on to this day. As for complex math, introductory accounting and finance make use of simple mathematical concepts almost exclusively.

UNDERGRADUATE FINANCIAL TRAINING

An introductory accounting and finance course for non-business undergraduates should not attempt to prepare students for accounting or financial careers but should make them conversant with many basic concepts. To accomplish this, I have made use of an outstanding programmed text titled *Essentials of Accounting* which is written in readily understandable language by the highly accomplished Robert N. Anthony and published by Addison Wesley. This is accompanied by a concise paperback volume, *A Review of Essentials of Accounting*, by the same author.

Several other pertinent areas are subsequently covered including financial planning, taxation, insurance and internal control, which discuss the ways in which individuals and organizations can protect their interests. Extensive use is made of an annual stockholders' report and of *The Wall Street Journal*. There is no menial or monotonous work involved and the students have given no indication of waning interest as the subject matter is presented to them either in print or in class.

I have also begun to spend time in class discussing the relationships between operating and financial people in organizations. There can be and are numerous frictions, misunderstandings, and conflicts between the two groups. Based upon my long years in business and in teaching, it is my firm belief that a course like this does much to break down the barriers between the two groups, permit them to work more closely together, and enhance the non-financial person's image in the eyes of financial, managerial, and executive personnel.

Such a course does much to pave the way for the non-business major to make fuller and more meaningful use of his or her skills and broad education in the workplace. It permits the non-business major to better fend for herself or himself in private financial affairs as well as at work and not, at times, be at the mercy of others, particularly if they are unprincipled. Such a course may well prove to be the passkey to greater success in a financially oriented world for many thousands of people.