ACCOUNTING EPOCH FOUR: Are Accountants Ready?

Accounting education and professional practice is a utilitarian discipline. Thus it is important to keep pace with changes in the environment in which accountants operate. Because accountants have survived three revolutions, here termed epochs, in thinking since approximately 1850, this paper will examine whether a fourth epoch is currently underway. Epoch four has the potential to be as important to the future of accounting as any of the three previous ones characterized in this analysis.

The three previous periods, the capital maintenance epoch, the income epoch, and the balance sheet epoch suggest that economic need, available resources, existing technology and dissatisfaction with existing accounting theory are the factors that have driven epochs in the past.

The current request for improvements in governance provides the need. Web based practices including ERP transaction processing provides the resources and technology. The limitations of the balance sheet theory conceptions to provide answers to the relevant details needed for users and governance require accountants to rethink the theory foundations of accounting. This reconstruction of accounting is the type of action that has lead to new epochs in the past. The one main difficulty with the current situation is the status of the education of accountants. A revolution in education is needed if accountants are too embrace the changes of epoch four.