



The Accounting Educator

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A Message from the Chair

Reflecting on What We Teach

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An important part of scholarship is reflection. Faculty often reflect, in varying ways, on their research activities, their service, and their teaching. The goal of such reflection is to examine and critically assess one's scholarship. Like every other introspective activity, it may produce such desirable feelings as satisfaction and delight as well such unpleasant ones as dissatisfaction, dismay, and denial. It may also induce conflict and challenges to the status quo. Regardless of the underlying psychological outcome, critical assessment of one's scholarship should foster creativity and innovation, improve scholarship, enhance learning, and help to minimize repetition of past errors and mistakes.

Besides highlighting successes to be celebrated and nurtured, reflecting on what we teach will draw attention to inconsistencies and contradictions in our programs, curricula, and courses. Examples could include lack of correspondence between curriculum design and program learning goals; divergence between curriculum design and curriculum implementation; incongruence between the professional development of faculty and the teaching and learning objectives of programs; significant gaps between how we actually teach and how we believe our classes ought to be taught; and mismatches between what we teach and what we should teach. More fundamentally, reflection could help identify the root causes of discrepancies between the types of outcomes we actually produce and the outcomes that we intend to create.

For some, reflection connotes a personal activity that is more closely associated with religion than the type of scientific inquiry often associated with scholarship. On the contrary, re-

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flection could be a multi-phase, logical process that leads to significant improvements in teaching and learning in accounting programs. This note outlines a four-step reflection process and identifies broad challenges within each step.

Identify facts about one's teaching

In the first phase of the reflection process, we attempt to identify relevant facts about our teaching. These facts should be as specific as possible and could cover the students and courses that we teach; the learning goals we establish for our courses; the relationships between our courses and the courses that others teach; the curriculum that our teaching supports; the textbooks and other resources that we require; the types of examinations and other assessments that we use; the grades that we assign; the methods that we use to motivate students and foster learning; the achievements of our students; and the approaches that we use to develop our capacities and abilities to help our students learn. Collectively, these facts make up key dimensions of teaching. Though, in the short run, we may not have the capacity to influence such issues as our students' backgrounds and demographics, over time we can learn a great deal about our teaching and also improve learning opportunities for our students by understanding key facts about the dimensions of teaching.

Determine evaluation criteria

In the second phase, we seek criteria and benchmarks for assessing the facts related to our teaching. The goal is to develop a sound basis for an introspective look at what we teach. Ideally, criteria should reflect the nature of the learning environment in which we function, the scope and boundaries of our professional discipline, the type of contribution that we desire our students to make as future accounting scholars and accounting professionals, and the stage of development of our students. Such criteria must be developed with the full understanding that the accounting discipline is in transition and establishing relevant criteria could be challenging. For example, the boundaries of the accounting discipline are not transparent. Each new development in corporate governance, in the public accounting profession, in technology, in globalization, or in politics and legislation produce reactions that blur the boundaries of the discipline even further. Current and past attempts by professional organizations and regulators to define the accounting curriculum aptly illustrate this issue. Quite naturally, each organization calls out for more content that (1) fits its own interest and (2) responds to new developments within its specific sphere of interest. Frequently, commonalities among those calls pertain to skills and abilities that could apply to literally any profession—e.g., better oral and written communication skills, more ethics, more research skills, more effective critical thinking skills, and more learning how to learn. There is less commonality or discussion relating to the **core** skills and abilities that are needed to differentiate contemporary accounting graduates from other well educated persons. It is noteworthy that few of the coherent efforts to discuss such issues are initiated or driven by the accounting academy.

Conduct fact-based evaluations

In the third phase of the reflection process, we evaluate facts relative to the criteria identified in the second phase. The goal is to identify and examine successes, inconsistencies, and contradictions in what we teach. Many examples of inconsistencies and contradictions exist in the accounting discipline at various institutions. It seems incongruous, for example, for an accounting program to devote more than 50 percent of its curriculum to memorizing personal income tax rules and creating journal entries that apply accounting standards if the program's stated goal is to produce students who can think critically about accounting and financial matters, evaluate risks, and propose appropriate solutions to complex business and accounting

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problems. Similarly, it seems contradictory for an institution to invest resources to support a stated goal of preparing students for careers in the accounting profession when the overriding focus of its program is on financial reporting, and fewer than 20 percent of its students end up in public accounting, with an even smaller percentage passing the CPA examination. Perhaps the most striking example comes from institutions that adopt a faculty development policy that emphasizes discipline based (basic) scholarship and publication in top-tier journals with *basic* research agendas, when the facts about their programs and their faculty point to a rich history and tradition of applied scholarship and excellence in teaching and learning.

Seek out alternatives

Reflection would not be productive if the outcome is merely identification of inconsistencies and contradictions related to what we teach. Meaningful reflection will include a fourth phase that seeks alternatives for addressing the issues. This is challenging. Conflict and disagreements may emerge, and some persons may even sound cynical. If the reflective process is systematic and engages the entire faculty, everyone may have access to the facts, including those who have a tendency to be cynical as well as those who have a desire for absolute perfection. While the perspectives of the cynic and the perfectionist are vital for finding effective solutions, over emphasis on either viewpoint can stand in the way of progress. A basic maxim in searching for alternatives is not to allow perfection to stand in the way of good and effective proposals for change. A similar maxim is to avoid the temptation to count quick, mediocre actions as progress. Ultimately, solutions should produce results that help to resolve the profound challenges that we seek to address. We tend to opt for slow incremental, non-threatening change in the academy. However, reengineering of the accounting program, which by definition would involve drastic change, might very well be appropriate for certain institutions.

Call For Papers

Reflecting on the Domain of Accounting Education.

To most accounting academics, the elements of the discipline are obvious, intuitive, and seldom questioned. The accounting curriculum that existed when today's faculty were students is largely still in place. The changes that have occurred are largely invisible because they are internal to the curricular structure that emerged long ago. Thus, accounting education has accommodated the proliferation of financial accounting standards, the burgeoning tax code, and the occasional new audit technique within a rather stable and unified understanding of our community of practice.

However, there have been several exogenous shocks to this system over the last quarter century. The accounting practice world is periodically rocked by large and noisy scandals that call into question the methods that corporate accounting practitioners use. Audit failures cause similar crises of faith. Periodically, practitioners articulate demands for better educational practices in support of their objectives. These events have occurred against a background of expansive information digitization that has altered the delivery possibilities for education.

Although it has been suggested many times before, there is reason to believe that we are at a crossroad in accounting education. A few specific crosscurrents in the mix include:

- External parties who increasingly express their perceived right to stipulate the content of accounting education.
- The crisis in corporate governance and reporting which has resulted in increased demands for accountability, transparency, and assurance.
- The demise of major players in the public accounting profession which has caused tighter regulation from outside the profession.
- Distributed information technologies that seamlessly span geographic and political borders and have revolutionized the way business processes and business relationships are designed, executed, managed, and reported.

Many years have passed since any effort has been made to reflect upon the theory of accounting education. Younger faculty probably remember none of these efforts. At this time, the fundamental question "What is the proper domain of accounting education?" needs to be asked. What is the core of the pedagogy that underpins our profession? How can that core be strengthened, made more central to the experience of students, or broadened so that it could be shared by a larger percentage of the next generation of accountants? Responses to this inquiry might embed issues of accounting professionalism, the role of the academy in modern capitalism or the incorporation of the new technological world order. In other words, what should we teach and why? We have a good concept of what we do teach – look if you will at the amazing similarity of content across the textbooks in the field, or of courses offered in any school. What makes this curriculum sufficient, or even necessary? If we were to take out a blank piece of paper, and were thus freed from our history, what would we teach our students? These are the types of questions that must be posed in unequivocal ways, whether they entail recapturing the past or marking out a new territory.

Issues in Accounting Education, in conjunction with the Teaching & Curriculum Section of the AAA has asked me to edit a dedicated forum with an expected publication date of Spring 2006. I would like to extend an opportunity to accounting educators to submit essays for this issue. Proposed pieces for inclusion should be 25 pages (double spaced) or less. Submissions will be peer-reviewed with an emphasis on clarity and strength of ideas. The deadline for the first drafts is March 1, 2005. There would also be an opportunity to discuss these ideas in a CPE session at the AAA meeting in San Francisco.

Tim Fogarty, Special Forum Editor, Case Western University, tjf@weatherhead.cwru.edu

Note From Editor

Thanks to everyone once again for all of the submissions for this issue. Our membership truly has a rich, diverse experience base upon which to draw for sharing and our membership is very willing to share. Because so many quality pieces were submitted, it was difficult to select articles; every article submitted had merit. I tried to select articles that represented a wide variety of viewpoints and topics, so as to have something to appeal to everyone. I hope you enjoy the selection as much as I enjoyed reading and choosing them.

Wendy Tietz, Editor, The Accounting Educator, wtietz@kent.edu

You still have time to vote!

The Section's Bylaws Committee recently recommended several amendments to the Nominations and Elections procedures. The proposed changes are available at <http://aaahq.org/TeachCurr/BylawsAmendments2005.pdf>.

Members of the Bylaws Committee are Dasaratha Rama (Florida International University), Brian Patrick Green (University of Michigan-Dearborn), Bill Schwartz (Indiana University), and David Dennis (Otterbein College).

Voting on the proposed changes began on February 5 and it ends on February 28. Amendments to the Bylaws must be approved by a two-thirds majority of the Section's members voting.

The ballot is available at <http://aaahq.org/ballots/TCSByLaws05/ballot2005.cfm>. The Section's Executive Committee encourages all members to vote on the proposed changes.

Call for Papers—The Accounting Educator

The final issue of the 2004-05 newsletter will focus on assessment. Articles and cases on this theme will describe how accounting departments define learning goals for their programs and courses, how they measure those learning goals, how they evaluate performance relative to the learning goals they establish, and how they use assessment information to improve programs and courses.

Submission Deadline: 5/30/05

Expected Publication: 6/15/05

Members are invited and encouraged to submit articles about the assessment theme to Wendy Tietz at wtietz@kent.edu. Articles and cases should not exceed 2 pages (single-spaced lines, 12 point font) and should be in Word format. Articles of general interest may also be submitted.

Have You Seen???

by Dr. Nashwa George, Montclair State University, georgen@mail.montclair.edu

Changing the learning environment to promote deep learning approaches in first-year accounting students, Matthew Hall, Alan Ramsey, John Raven. *Accounting Education*. Greenwich: Dec 2004. Vol.13, Iss. 4; pg. 489.

Abstract: Developing deep approaches to learning is claimed to enhance students' engagement with theory subject matter and result in improved analytical and conceptual thinking skills. Numerous calls have been made for accounting educators to adopt strategies that produce such results. This paper reports on changes to the learning environment centering on the introduction of group learning activities that were designed to improve the quality of students' learning outcomes.

Accounting Education: Designing a Curriculum for the 21st Century, V.A. Taylor, M. Rudnick. *Journal of American Academy of Business, Cambridge*. Hollywood: March 2005. Vol.6, Iss. 2; pg. 321, 3 pgs.

Abstract: This study investigates both the reasons why and the various ways accounting education fails to adequately prepare students for professional success in today's business environment. The primary objective of this report is to uncover suitable criteria for the design and improvement of accounting programs and curriculum. Our more specific goal is to compare the recommendations of the American Accounting Association, AAA, and the American Institute of Certified Public Accountants, AICPA, with regards to this important matter. We want to discover the relevance or lack thereof for the "150 hour requirement" which has been promoted by the AICPA. The main problems that emerge are the ambiguity created by the 150 hour requirement and the lack of consistency between the current accounting profession and the accounting educators.

Teaching CPAs About Serving the Public Interest, Nicholas J Mastracchio Jr. *The CPA Journal*. New York: Jan 2005. Vol.75, Iss. 1; pg. 6, 3 pgs.

Abstract: Accounting students should be well grounded in ethics; however, society's attitude must also change. Perhaps a sound basic foundation in ethics, which teaches methods of measuring the consequences of decisions in ethical terms, can help. Unfortunately, the attitude toward teaching "ethics" in most curricula consists primarily of learning rules. Acting ethically then becomes merely not violating particular rules. An auditing course may go further, listing the AICPA rules of professional conduct, but still say little about how protecting the public interest is a CPA's responsibility. Academia should recognize a need for education in the broad philosophical concepts of ethics. This should be followed by the application of these principles in the world of business and accounting. This education should begin as early as possible in a student's academic career. Separate courses in ethics education are preferable, but for institutions that integrate ethics into their accounting and business curricula, a separate three-credit-hours liberal arts course in ethical foundations should be required.

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Considering accounting education in the USA post-Enron, Sue Ravenscroft, Paul F Williams. Accounting Education. Greenwich: Dec 2004. Vol.13 pg. 7

Abstract: This paper is based on an address delivered by the lead author as Distinguished Visiting Speaker at the Annual Conference of the Special Interest Group in Accounting Education of the British Accounting Association in Bournemouth England held in May, 2003. The recent financial scandals, epitomized by Enron, raise the question of whether and how accounting educators should respond. It is proposed that accounting educators consider certain changes in the accounting curriculum. Specifically, five areas are identified that need serious rethinking about how they are taught to accounting students. These areas are: (1) corporations - their roles and responsibilities; (2) the status of investors; (3) auditing as a professional franchise; (4) purpose of accounting reports, and (5) ethics. Currently, the accounting curriculum teaches these areas more as received wisdom or dogma than as problematic issues for accountants. A more critical examination of these areas is proposed so that students are educated, rather than indoctrinated.

Back to the Future: Implementing a Broad Economic, Inquiry-Based Approach to Accounting Education, Thomas J Frecka, Michael H Morris, Ramachandran Ramanan. Journal of Education for Business. Washington: Nov/Dec 2004. Vol.80, Iss. 2; pg. 69, 6 pgs.

Abstract: Motivated by concerns about the quality of accounting education and calls for a broader, more active approach to learning by numerous accounting educators and practitioners over the past 2 decades, the authors of this article sought to provide a framework and example materials to address those issues. The framework makes use of broad, economic contracting notions to supplement the traditional decision-usefulness approach to accounting. The contracting perspective more explicitly considers the incentives of all parties to the various contracts with the entity and the information environment in which decisions are made. The approach, which can be applied with any textbook in multiple settings, supports a "discovery" mode of learning focusing on the methods and skills of inquiry, analysis, judgment, and decision making.

Accounting Education: Response to Corporate Scandals, Pierre L Titard, Robert L Braun, Michael J Meyer. Journal of Accountancy. New York: Nov 2004. Vol.198, Iss. 5; pg. 59, 7 pgs.

Abstract: This article examines the response by accounting educators - and others - in the years since the scandals first broke. It looks at changes in course offerings, administrative actions and student attitudes toward accounting to help educators refine their academic programs to take maximum advantage of the opportunities the crisis presents and help all CPAs understand how they can contribute to the positive changes. The reaction to the crisis at the regulatory, professional and industry levels has been well-documented. The Sarbanes-Oxley Act of 2002 and the flurry of rules the SEC implemented to enforce the act's provisions evidenced the regulatory response. Many regard current U.S. standards as among the toughest corporate governance rules in the world. The issuance of professional standards for accounting and auditing is but one component of the accounting profession's response. CPAs have heard calls for change from the profession's leaders.

Where is Accounting Theory?

By Bob Cluskey, University of West Georgia, bcluskey@westga.edu

To find accounting theory in the accounting curriculum we must identify it. Is accounting theory, as first described by Pacioli over 500 years ago, whatever is currently performed in practice? Or is accounting theory a framework for guiding research and practice?

A recent survey of accounting doctoral programs found no consistent definition of accounting theory. The accounting doctoral programs surveyed were given a choice of (1) CPA Review, (2) Traditional - [Edwards & Bell, Paton & Littleton, Sterling & Chambers, Devine, etc], (3) Contemporary [Current FASB Issues], (4) Historical [Development of GAAP], (5) Economic [Firm Value], and (6) Accounting Matters [Information for Decisions]. Of the 88 active accounting doctoral programs listed in Hasselback's, 79 programs participated in our study. Of the 79 that participated, 61 replied to one or more of the six descriptions for accounting theory.

1.	CPA Review	3	2%
2.	Traditional	14	11%
3.	Contemporary (Current FASB Issues)	40	30%
4.	Historical	21	16%
5.	Economic (Firm Value)	39	30%
6.	Atg Matters (Information for Decisions)	<u>15</u>	<u>11%</u>
	TOTAL	132	100%

It appears that "Current FASB Issues" and "Firm Value" are the dominant concepts of accounting theory in doctoral accounting programs. But where do we find this accounting theory in the curriculum? Is accounting theory introduced at the undergraduate level, where the bulk of accounting majors are educated, or at the graduate level, either at the masters level for professional accountants or at the doctoral level for academics?

Our survey found that 41 (52%) of the 79 programs offered at least one "accounting theory" course at some level or levels (undergraduate - 4, masters - 18, doctoral - 16, unspecified - 11). Additionally, of the 38 programs not offering an accounting theory course, 18 indicated that they have "integrated" accounting theory into their curricula at some level or levels (undergraduate - 9, masters - 14, doctoral - 11, unspecified - 2).

Approximately 75% (41 +18) of the 79 accounting doctoral programs offer or have integrated accounting theory into their curricula. This is certainly not the same rate of offering one would find for core courses: cost, audit, tax, or financial accounting.

Conclusion:

We find that accounting theory is generally referred to as current FASB issues or firm value and is offered in about three quarters of the accounting doctoral programs. Could this lack of a consistent definition for accounting theory and its absence from the core of accounting curriculum be contributing to the problems that lead to the passage of the Sarbanes-Oxley Act?

Making 'Excel'-lent Use of One Credit Hour Gap

By Margaret N. Boldt (*Margie.boldt@murraystate.edu*) and Robert A. Seay, Murray State University

As part of an overall plan to develop technology skills needed by entry-level professionals, Murray State University's Department of Accounting launched a new one credit hour "bridge" course, Accounting Applications Laboratory (called the Lab), in January, 2003. Unlike many other "bridge" courses that further develop students' financial accounting skills in preparation for an Intermediate Accounting course; the Lab's main purpose is to help students become proficient Excel users. The student learning objectives for the course are: 1) develop concepts and terminology used in spreadsheet software, 2) recognize and identify strengths and limitations of spreadsheet tools to analyze business problems, 3) efficiently navigate the key menus of spreadsheet software and 4) apply spreadsheet techniques to complete common tasks in the financial professional workplace. Specific skills learned in the Lab include advanced charting, linking, sorting, filtering, macros, using auditing tools, data validation, pivot tables, using the Solver and importing and exporting data from other applications. Having taught the Lab for three full semesters, many benefits, both expected and unexpected, have surfaced.

The Lab uses a listen-do-review model for student learning. First, the instructor presents a brief (i.e., about 10 minutes) overview of the skills to be mastered. Within the overview, the instructor mentions and/or demonstrates several examples of how these skills are used by accountants and other financial professionals in the workplace. Then, the students follow a tutorial that guides them step-by-step through the new skills. Before the next class meeting, students review the concepts learned and apply their skills to new business applications. At the beginning of the next class period, students take a short (i.e., about 5 to 7 minutes) quiz over the concepts. While the in-class tutorial work is not graded, the application assignments and quizzes are graded and written feedback from the instructor is provided on a weekly basis.

The Lab is taught by a tenure-track faculty member in a PC-Lab located within the Department of Accounting. Several sections of the course are offered each semester to keep the class sizes small (maximum of 18 students) and allow for individual attention. Most students take the Lab concurrently with Principles of Accounting II (Managerial Accounting) at the end of the sophomore year. Transfer students generally take the Lab during their first semester on campus. The small class sizes and informal environment of a hands-on lab has led to the development of two unanticipated benefits of the Lab. First, the students develop a strong rapport among each other and with the teacher. Faculty members report that these relationships have helped to motivate students during their upper-level coursework. Second, the students utilize the PC-Lab used as a classroom to a greater extent, even after they complete the course. While taking the Lab, they become accustomed to using the PC-Lab to work on their application assignments and they continue using the facility during their upper-level coursework. In addition, the PC-Lab is connected to the accounting department office suite. As a result, there has been much more interaction with faculty outside of class while students are actually working on and learning accounting class material.

A key component of the accounting department's technology plan is the requirement that students continue to use spreadsheet skills in their upper-level coursework. Cost Accounting, a junior level course, was the first course chosen to reinforce and to a lesser extent build upon the spreadsheet skills that were developed in the Lab. The course is divided into four blocks of material and students must complete one Excel assignment from three of the four blocks. The spreadsheet problems are graded and feedback is available. Even though the assignments account for only about 6% of the course grade, all three must be satisfactorily completed to receive a grade in the course. Failure to complete the spreadsheet assignments results in a grade of I or incomplete.

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Topics of spreadsheet assignments vary from semester to semester and include cost-volume-profit analysis, activity based costing, process costing, master budgeting, flexible budgeting, standard costing, and analysis of cost behavior. The first assignment each semester is highly structured and students are only expected to demonstrate a limited spreadsheet skill set. As the semester progresses, the problems become more complex and less structured. Consequently, the spreadsheet solutions demand higher and higher levels of sophistication within the framework of what was learned in the Lab. A typical sequence of problems includes cost-volume-profit analysis of a single product firm, FIFO process costing in a multi-department environment, and comprehensive budgeting including all financial statements. Students are encouraged to first work each problem manually and then build a spreadsheet solution from ground zero. No partially completed solutions are given to the students and creativity is encouraged. This approach helps them to understand the accounting topics, demonstrate competency in developing spreadsheet solutions, and realize the power of the spreadsheet as an efficient and effective planning and decision support tool.

While the Lab has only been taught for three semesters, there is some evidence that it has been a successful addition to the curriculum. First, students seem to like the course and appreciate the opportunity to learn these skills. The average overall rating of the course on a standard lab course evaluation form (the same form used at Murray State University for science lab courses) is 4.46 on a 0 to 5 scale, with 5 labeled as “Excellent”. Second, the students’ work in upper-level courses utilizing Excel has become more sophisticated and they are less intimidated by assignments requiring Excel. Third, students express far less apprehension about their ability to use Excel in internship and job environments. The next steps are to continue developing spreadsheet applications in Cost Accounting and to move forward by integrating spreadsheet exercises into the senior and graduate accounting courses.

Teaching Cash Flow Statements: Colombo and the Missing Balance

By Bryan Bessner, George Brown College, bbessner@gbrownc.on.ca

Students appear to instinctively understand the meaning and importance of both income statements and balance sheets. The pedagogical task of demonstrating the hows and whys of these two financial statements is relatively easy, compared to that of ensuring that students see the value of creating a cash flow statement. As we know, this statement is the latecomer to the overall financial statement package, and has gone through many revisions of format and focus during the eight decades since its preparation was first proposed. Student reaction perhaps reflects this lack of stability, for class groups in general appear to resent the existence of a third major document when first exposed to the details of its construction, and the requirement that they must master it, in approximately the fifth or sixth week of the typical accounting curriculum.

I usually begin with a physiological analogy, comparing the flow of cash throughout all the activities of a business to the circulation of blood through the human body. Precisely as blood feeds the body in order for its work to be done, so sufficient cash allows a business to carry out its purposes. In the same way as we have both veins and arteries, so a business has mechanisms both to release cash into its systems and to remove it. My lecture carries on in this vein (pun **definitely** intended) for another moment or two, allowing time for the students to come up with their own examples built upon this analogy. Then it is time to

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switch tactics.

As a fan of the long-running television series *Columbo*, starring Peter Falk, I begin describing the basic premise of these programs. This discussion comes across as a random incongruity to most students, since I launch into it without a lead-up. Usually, a few students have seen reruns of some episodes in syndication, but most have not. My description focuses on the idea that we (the audience) actually *see* the murder committed early in each episode, and that we are made privy to the knowledge of the murderer's identity. We are also clearly made aware of the motive and subsequent consequences of the murder that has taken place. This stands in direct contrast to the more typical paradigm that operates in detective stories, which is that the great master leaves us (and a dimwitted assistant, if there is one) in the dark until the very last moment, when all is revealed: murderer's identity, motive and conclusions. Instead, the fun of watching *Columbo* lies in observing how he slowly puts little observations and facts together, arriving at the correct conclusion, a conclusion that we are anticipating throughout, because we already know what it must be.

Once this groundwork has been appropriately prepared, I am ready to switch back to my real topic, the cash flow statement. In outlining the steps of its preparation, I start with the fact that we cannot really begin the job until we have calculated the change in the cash account during the period under examination. Measuring the change in cash value from the end of one period to the end of the next is a very simple task, but it provides us with crucial information: the bottom line of the statement we are about to create. In other words, that first step indicates precisely where our statement must end, even before we begin the process of compiling it. This is akin to our viewing of the murder in the first minutes of *Columbo*, and is therefore unlike anything else in accounting, just as *Columbo* is unlike anything else in detective fiction.

At this point I am able to itemize the steps involved in the creation of the statement, demonstrating how its content involves elements of not only the income statement but also the two balance sheets that straddle it in time. A heavy emphasis is placed on the fact that at all times we know where we are headed, and that in fact once we have calculated the cash provided by (or used by) any two of the functional areas Operating, Financing and Investing, we can automatically guess the total for the third. This "prophetic" knowledge is a double-edged sword, as I point out to my students, for if an error is made in the preparation of one or both of the first two sections, hapless students will spend their time trying to justify a third section total that of course cannot be supported by the figures. I have seen extraordinary (and at times quite ingenious) student attempts to make the figures resolve correctly. Although errors exist in such solutions, at least they demonstrate that the student has grasped the basic concept: the change in cash must be supported by the overall provision or use of cash in the three sections combined.

In employing this approach, I have found that T-accounts are rarely needed in order for students to reach a perfect solution. Certainly the cash flow problems taken up in a first-level accounting course are generally not of a very difficult nature, although I make sure to add the complications of extraordinary gain/losses, annual depreciation expense that does not match the change in Accumulated Depreciation, etc. It has also become clear to me over the years that the best way of teaching students the process of completing a cash flow statement is to actively complete one step by step, at the same time as I am describing the steps. When students can see my theory in action, and can already take home a complete example (that works!) after the first class on the subject, they are well on the way to becoming part of the growing army of accounting Columbos that I am pleased to have unleashed—and will continue to unleash—upon the world.

Back To The Future: Distance Learning And Academic Values

By Timothy J. Fogarty, Case Western Reserve University, tjf@weatherhead.cwru.edu

I have seen the future, and it is not a pretty sight (site). Between the terms, I went to distance teaching training. Motivated by the belief that interacting with students primarily through the computer will quickly become the *sine qua non* skill for the instructor, I bravely went into this valley of death.

Many of you have been down this path so long ago that you can scarcely remember the journey. For some reason, my school had resisted the seduction of the “easy” money believed to exist in the technology mediated duplication of what we already did face-to-face. I don’t think we had pedagogical reservations as much as it was being unconvinced that we could benefit across the board. By being late to dinner, my school missed out on the days when the story was mostly technological glitches or poor reproduction quality. Now its all about busy executives unable to squeeze out an occasional day away from the office or unwilling to make the drive.

I realize that we cannot turn back to the days when we had a seller’s market and students would make any necessary sacrifice to further their education. “Build it and they will come” has given way to “build nothing and keep your bag packed.” That reality does not gainsay the necessity of understanding the consequences and opportunity costs of what we are doing as we propel into this brave new world.

Cutting right to the bottom line, let us not fool ourselves into thinking that we can make distance learning as effective and as highly nuanced as the fully in-person experience. As long as we don’t have to pretend that it is just as good, I can go along with it. After all, many other things (i.e., grade inflation, diminished intrinsic motivation, decreased reading skills) have already distanced us from the ideal. Perhaps given enough time, we can forget the real and come to prefer this ersatz as well.

The essential slight-of-hand is the idea that typing and talking are the same intellectual experience. Designers of the software construct designated “chat rooms” to simulate the experience of discussion. Even ignoring the painful impact of this occurring asynchronously, I have never been able to come close to achieving the same quality and volume of thought at the keyboard on the fly. For me, it’s an entirely different mental process. Writing requires laborious effort to find the right words, a grammatically acceptable structure for them and a pleasing flow across them. Talking just happens. Even if it also is subjected to standards, they are simultaneously looser and more hard-wired. Juxtaposing the two means that something has to give, and it will probably be the quality of thoughtfulness.

As the inevitable failure to successfully mimic the dynamic of classroom discussion plays out, we are likely to see much of what we now believe as education turned on its head. Perhaps the active engagement of the mind through discussion was not all that important anyway. Although we might continue to monitor the keystrokes, our sense of quality in “discussion” is likely to be compressed by the limitations of the media. Less will gradually be acceptable in this simulacra world. As such, the place of participation in the firmament of educational value is threatened and on its way to being endangered.

Just as we all became our own secretaries in the 1990s thanks to computers, we will soon all become our own webmasters. Creating attractive and “user friendly” materials that will be available on the internet is now easy, which is a codeword for the fact that it will soon be part of our job descriptions. Least anyone think that distance learning will usher in a period where content will be restored as king, what our leaders tell us seems to be more about the adequacy of white space, the importance of well-conceived color choices, the willingness to “chunk” text, and (of course!) clip art. Packaging is king.

Consider the fate of testing in the computer-driven environment. The inability to control the cir-

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cumstances in which the test is taken suggests that it is pointless to test facts that can be looked up in texts and other materials. In other words, all tests are now open book. This could trigger at least three different responses from those that design assessment. Some will increase the cognitive level of tests, reaching the level where new implications and conclusions are extracted from facts. Others will test facts but impose strict time limits through the computer. A last group will just ignore the uncontrolled testing environment and apparently be content with the fact that students bothered to take the test. Two out of three of these are worse than most current testing efforts. If bad currency drives good currency out, the bad two will overwhelm the good one.

The point of education used to be to change the student. There is no shortage of well-meaning rhetoric that points toward the desirability of “teaching the person how to fish.” The distance learning template verges toward the fish dinner insofar as it does not demand that the student change in a desired direction. Moreover, it tends to validate the student’s limitations since they become program design elements. If any aspect of the alternative text that must be created for the distance student is troublesome, it must be deleted or reworked. Overall, there is a meta-lesson that requires that information must be kept short and simple. This includes not making the student scroll excessively. Bullet points are favored over the full sentences and paragraphs that build complexity and nuance. Even the dreaded Power Point slides, that squeeze the life out of life itself, are subjected to a discipline that forestalls too much information and ambition. The instructor is extolled to be consistent and predictable from topic to topic and from unit to unit, notwithstanding the demands of the area.

The notion that no learning can occur without struggle is about as dead as Marley’s ghost. Student frustration (i.e., inconvenience) is lurking beyond every click and can only be combated by building more redundancy into materials. We are reminded about the brevity of student attention span as if it were a law of nature. That we must pander to it drives out any serious consideration of work that might lean toward expanding a person’s ability to concentrate and focus. Thus, at the margin, education is not about changing the student, but about selling to the student.

The reorientation of the business education of managers will not be easy on faculty. The simple uploading of lecture notes to the machine will not suffice. The preparation of materials for distance learners will be, in many ways, similar to writing a textbook. This textbook however, will not be published and will not count toward scholarship goals. As anyone who has done one will attest, the production of a textbook is a time-consuming exercise. At the margin, faculty will therefore be more tied to particular courses. As more specialized human capital for their institutions, faculty will be in higher risk situations. This will be exacerbated by the heightened difficulty of partitioning time. Distance students will start with the expectation of 24-7 availability of their instructors. Not checking your email over the weekend will become less acceptable. The lack of a formal class meeting comes at the cost of perpetual call. In short, faculty will grow less distinct from the business people that they purport to prepare.

The brave new world that this is the base camp for will not occur in the short term, and will not occur until the boundaries that separate universities are eroded. The distance learning of today will be the vehicle of cross-registration and jointly conferred degrees of tomorrow. This is another way of saying that redundant resources (i.e., those that cannot make the transition) will be gradually eliminated or marginalized.

As much as I would like to put my head in the sand and wish for the return of the good old days, this does not seem to be an option. The genie is out of the box, at least at the graduate level. Being a Luddite about the technology, or an agnostic about the new religion of distance learning is romantic, but also pathetic. But at the very least, let us open our eyes as we go forward.

Using Technology To Integrate Accounting Into The Business Curriculum

By Marinus J. Bouwman, University of Arkansas, mbouwman@uark.edu

In the Sam M. Walton College of Business at the University of Arkansas students no longer take “Principles of Accounting.” They don’t take “Principles of Marketing” either, nor “Principles of Finance.” Starting with the Fall of 2003, incoming freshmen take an integrated business core curriculum that is organized around business processes.

Students take their first business course, “*Business Foundations*,” in their freshman year. *Business Foundations* introduces students to the major business processes that are common to any organization, and incorporates a course-long, web-based business simulation. This course also introduces them to accounting, i.e., “the language of business,” and provides a short introduction to the information systems technology that generates those accounting numbers. *Business Foundations* is followed, in the sophomore year, by four courses that focus on each of the major business processes. These courses are “*Acquiring and Managing Financial Resources*,” “*Acquiring and Managing Human Capital*,” “*Production and Delivery of Goods and Services*,” and “*Markets and Consumers*.” The business core is concluded with a six-hour “*Business Strategy and Planning*” course in the junior year.

The *Business Foundations* course is organized around a web-based business simulation, entitled Foundation. Students are organized into teams and compete against each other while running a business in the electronic sensor market. In a typical round, students start by reviewing the results of their previous decisions. They are provided with income statements, balance sheets, and cash flow statements of their company as well as their competition. They also receive publicly available market and production information about themselves and their competition. Students analyze what happened last round, i.e., what worked and what didn’t, and then make decisions for the next round in the areas of R&D, marketing, production, finance, and human resources.

At a scheduled date and time the round is processed. This generates a wealth of simulation results, which are reviewed in class. In the Walton College, all classrooms have internet access and built-in computer projectors. So the instructor simply accesses the simulation website, and displays the round results. A great variety of reports is available. Numerous reports rank the teams on the basis of selected performance measures. This is of great interest to the students since it appeals to their competitive spirit. No team wants to find themselves at the bottom of the rankings. An instructor may decide which performance measures to emphasize, or may leave it up to the student teams to select those measures that best reflect their chosen business strategy.

The round results also provide a lot of diagnostic information. This allows the instructor to review a team that didn’t do so well in order to identify potential problem causes. The first few times the instructor models this diagnostic analysis in front of the class. Soon, however, it becomes a joint activity with students suggesting possible causes, and ways to verify those causes. This review also provides a great opportunity to inject targeted mini-lectures or activities. For example, one team had wanted to boost their stock price by raising their dividends. To their dismay, the stock price went down instead of up, and they asked for an explanation. What better time to teach about how markets value a particular company’s stock? Finally, after students have had a couple of days to reflect on their simulation results, several teams will make an oral presentation where they review their performance. These are “reports to the board” and have to address three questions: As a team, what were you trying to do? How did it turn out? And what did you learn from it?

Rather than being an add-on to the course, the business simulation drives the course. Course content

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is arranged so that it is delivered when needed in the simulation. The advantages are numerous. Rather than being passive learners, students come to class with questions they want answered. They are primed to learn! Moreover, they get to apply new knowledge immediately when making decisions for their next round. It is one thing to be told in class, for example, that financial statements are used to make business decisions; it is quite another to actually use those statement to analyze how well you are doing and what your competition is up to. The simulation also provides students with a hands-on experience of what is involved in running a business, and how the many decisions are inter-related. Students may or may not remember an instructor explaining that, say, an inventory build-up requires financing. But they will vividly remember running out of cash, and needing to secure an expensive, "Big Al," emergency loan because they forgot to arrange for sufficient financing.

At the end of the semester, students are asked to report what they learned form their simulation experience. Following are some examples of what they have reported:

"The most important lesson that we learned was that you must never forget your competition. In the business world you are not alone."

"Anything done wrong in the business process can effect everything else from profit, to stock price, to sales, to inventory."

"Small mistakes can lead to large problems"

"The business world is constantly changing."

"Success involves [taking] risk."

Going through a business simulation involves a considerable amount of teamwork outside class. In order to improve student effectiveness and efficiency, this course, like any course in the Walton College at the University of Arkansas, is supported by a Blackboard website. Through Blackboard, each student team has a private, on-line meeting place, including a team chat room and bulletin board as well as a secure place to share files with other team members. Blackboard also serves as the primary way for instructors to communicate with students. Students no longer have the excuse claiming that they didn't know, say, when a simulation round was due, since every class assignment is posted as a Blackboard announcement. The Blackboard site also provides all course documents and handouts, and serves as the one place for submitting assignments that are due. Grades are posted in Blackboard as well, providing students with a complete and current record of their performance.

Blackboard is not necessary for incorporating a business simulation into one's course. The benefits of the simulation can be achieved without it. The addition of Blackboard, however, allows administrative and course managements tasks to be moved out of the classroom, thereby freeing up class time to discuss issues of business, and accounting's role in making business decisions.

¹The new business core at the Walton College encompasses more than the six courses listed here. A more complete description, however, is beyond the scope of this short article. For more information, contact the author, or see the Walton College website at <http://wcba.uark.edu/newcore/>

²Foundation is a simplified version of a capstone business simulation, and is sold (and run) by Management Simulations, Inc. in Northfield, Illinois.

³"Blackboard Learning System" is a web-based course management system created by Blackboard, Inc.

The Capstone Class and Portfolio Assessment

by Barbara J. Yahvah, University of Montana, havhay@cfaith.com

Introduction

Capstone classes and portfolios are two types of alternative assessment that are used at community colleges and higher education. The capstone class can function as a review of core concepts in a field to prepare students for a career in the work place or for a deeper understanding before transferring to a four-year college (Peterman, 2003). The other type, a portfolio, is generally defined as a representative sample of a student's work (Peterman, 2003). As Gibbs (2004) describes, students become active learners and authors of their own academic success as they are expected to "collect, select and reflect" upon samples of their good work (p. 27). Combining the two types of alternative assessment in a culminating experience for accounting students is the basis of the Accounting Portfolio course. The concept of the course is supported by literature on students' perceptions of the importance of the skills needed for accounting careers based on differing teaching methods (Friedlan, 1995; Bonner 1999; Payne, S., Whitfield, J. & Flynn, J, 2002).

Accounting Portfolio

Accounting Portfolio, a capstone class, is the culminating experience for students completing an associate degree in accounting at a technical college in western Montana. The course emphasizes accounting research, business knowledge, computer techniques, and communication skills in preparation of a portfolio. Students are evaluated on four active-learning projects, often in a team setting reflective of the real-world business environment. The evaluated projects for the course are: Chapter Discussion Leader or Shadow a Leader/Research Paper, Analyzing Financial Statements, Business Plan, and Portfolio.

Chapter Discussion Leader. Teams of students select chapters from the required textbook (May, C. & May, G., 2003) and prepare a presentation to the "audience," their classmates. The presentation includes a handout for the audience, use of a projection system (e.g., MS Power Point) and guided audience involvement with synthesis of knowledge (e.g., case simulations, "expert" panels, quizzes with active question-answer discussion.)

Shadow a Leader/Research Paper. Individual students contact a local accounting leader in the community and shadow (e.g., follow) the leader as he/she performs his/her daily routine. Students prepare questions to ask the leader about his/her educational background, duties of the position, best/least favorite responsibility of his/her position and other questions that are born out of the shadow experience. Students write a paper describing the experience and incorporate a research component supplementing the shadowing. An example of a research component may be researching the requirements necessary to become a Certified Public Accountant for a student selecting a C.P.A. for an accounting leader.

Analyzing Financial Statements. Teams of students play a popular board game, Monopoly.[®] Using the business transactions that occur, students complete the accounting cycle, from analyzing the transactions to financial analysis and future recommendations for their business (Knechel, 1992).

Business Plan. Teams of students develop a mini Business Plan for a business they "create." The format includes the major sections found in most Business Plans, from Executive Summary to Financial Plan including supporting Appendices (Larson, 1999). Students present their plan using a projection system (e.g., MS Power Point) to classmates and community business leaders posing as a lending institution evaluating the feasibility of their business plan. The most recent addition to this project is selecting three Business Plans and entering them in a state-wide competition in which students win cash prizes and form valuable connections with state-wide financial venture capitalists.

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Portfolio: Individual students prepare a portfolio consisting of an entry paper, samples of their work, briefs, and exit paper. The entry paper, completed after the first class, describes what the student expects to learn from the course and how the learning objectives will relate to his/her chosen profession. Upon completion of each assignment, students write a brief—a self-reflection of what the student learned from the project, what the student did well, and what the student would do differently if given another opportunity to complete the project. Students then compile a representation of each of their assignments completed. Finally, the students write an exit paper—reflecting what the student learned from the assignments, the course, and how their newly gained knowledge will benefit/not benefit their chosen career.

Success in Innovation in the Classroom

Following the completion of the Portfolio project, students in the Accounting Portfolio course are given a Classroom Assessment Technique (C.A.T.) (Angelo, T. & Cross, K., 1993). The selected C.A.T. instrument is a survey that asks students to rank the four projects from most favorite to least favorite. Open-ended questions consist of identifying what the students liked most about their most favorite project, what they liked least of their least favorite project and overall course comments. In a recent C.A.T., each project received varying ranks from the students, with no single project receiving more rankings of either most favorite or least favorite project.

Most favorite project. The open-ended questions revealed reasons students described the most favorite project as fun, practical, and an effective tool for the students to use the skills learned in their college education.

Least favorite project. In the same survey, the reason students identified with the least favorite project was the challenge of getting team members together outside of the designated course meeting times.

Overall comments. Overall comments for the course identified an increased perspective of the broadness of accounting and business and the applicability to the students' chosen career path within the limitations of time-constraints. The students described the course as demanding, yet rewarding. Recommendations to the course were as varied as the rankings for the projects, from reviewing the team evaluation process by including an individual measurement to no changes are needed as the course gives students the confidence to handle anything.

Conclusion

Capstone courses and portfolios allow students to be engaged participants in determining their own successes. The active-learning projects within the capstone course, Accounting Portfolio, provide alternative methods for students to reinforce their accounting skills within an entertaining forum. The Portfolio project, with its focus on self-reflection, allows students to learn their strengths and weaknesses as they prepare for their chosen career path or further their educational goals. Accounting Portfolio reflects the real-world of decision-making in business transactions, problem-solving by research application, team-building with technical skills and higher-order thinking of effective communication.

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The Accounting Professor/Mentor

By Fern Zabriskie, Pacific Lutheran University, zabrisfh@plu.edu

The day is crisp and clear, and the sun is beginning to warm the air. It is the first day of the spring semester, though spring is still several months away. The first year business student, Joe Typical, strolls into the classroom for Introduction to Accounting and slumps into a chair in the back of the room. His hair is still sleep tousled; he wears a faded sweatshirt, torn jeans and sandals. He looks around the room; there are about twenty-five other students who are staring out the window, or blankly at the textbook. The room is very, very quiet.

The student quietly thinks to himself. “This course is going to be boring! Accounting – who needs it? Oh, there is Ellen – maybe I should go sit next to her. Nah, she’s smart and probably likes this stuff. I have to be here to be a business major. Maybe I can study with Ellen – that might be awesome. Who was that guy on that Christmas story – Scrooge or something? He was like an accountant, wasn’t he? I’m not like that. I will never use this stuff. What am I going to get out of this class? Maybe if I sit next to Ellen, I will get an A.”

In walks Professor B. Mentor, Ph.D. She carries the textbook, a stack of syllabi, a calculator and some markers for the white board. She thinks to herself, “How I love the first day of class. Twenty-five new faces, twenty-five new names, and twenty-five futures that I will influence. I will show them how to think, how to analyze, and how to approach problems. I will show them how to gather and report information for making decisions and measuring success. I will show them tools that they will be able to use all of their lives. I love accounting and am here to show them that it is fun, it is exciting, and it relates to them. They are young people making the transition to adulthood. I will teach them something about life through this accounting course! Some will be afraid that they cannot do it, but I know they can, and they will!”

She puts her materials on the desk, takes a marker and writes her name on the board in big capital letters, turns to the class, smiles and sits on the front edge of the front desk. She says to the students, “I am Professor Mentor – you can call me Ment or Prof. I will hand out the syllabi later, but first I want to know a little about each of you. I want to hear what it is that you want to do with your lives so that we can help make it happen through this class.

“Take out a sheet of paper and tear it in half. On one half write what you think accountants do, and on the other half write what you want to do when you graduate. You don’t need to be specific, just give me an idea. You can sign your name if you want to, but you don’t have to. I’m going to collect them and then we will discuss what you wrote. I’m going to save these so that we can discuss them again later in the term to see if your opinion of accounting has changed and to make sure that this course is providing tools that you can use later. The syllabus that I’m going to hand out is a guideline; we can make adjustments as we go along.”

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Down the hall, there is a similar classroom with a similar number of students thinking thoughts similar to those of Joe Typical. In walks Professor M. Bored, Ph.D. He carries the textbook, a stack of syllabi, and a calculator. He thinks to himself, “How I hate the first day of class. Twenty-five new faces, twenty-five new names, and twenty-five exams to grade. They don’t know how to think, how to analyze or how to approach problems. They are afraid of math and I am supposed to teach them accounting. They are just a bunch of kids he won’t do the work.”

He puts his materials on the desk, looks for a marker, which he cannot find, passes the syllabi out to the students and sits on the chair behind the front desk. He picks up a copy of the syllabus and starts to read it to the students. “My name is Professor Bored, my office hours are.....”

The approaches of Professors Mentor and Bored are vastly different even though they both realize that the students may not have all the required courses or background knowledge, and that some may lack the motivation to do the necessary work. Professor Bored sees himself as a “technician of knowledge” and is there to lecture about debits, credits and financial statements. He sees the students as problems and is rarely disappointed.

On the other hand, Professor Mentor believes she can make a difference to the students and give them something to take with them when they leave the classroom. Professor Mentor views the students as opportunities and is rarely disappointed.

Professor Mentor immediately engages the students by coming out from behind the desk – she is still in control of the classroom, but he has reduced the initial barrier between student and professor. By asking the students to tell her what they think of accountants and what they want to do after graduation, she is demonstrating to the students that they are important to her. Second, she is telling them that she is there to help them accomplish their goals; the course is about them and their futures. Third, she is able to observe the gap between the students’ perception of accounting and what an understanding of accounting actually can do for the students. Fourth, she shows she is willing to listen to the students and has respect for their opinions; she is willing to remain flexible and make adjustments as the term progresses so that the students’ needs are met. With this knowledge and understanding, she can address Joe Typical’s question “What am I going to get out of this class?” and make the material relevant to the students.

As professors, we all have some of the attributes of Professors Mentor and Bored. On some days it can be an effort to put on a smile and be interested in the class, but we need to remember that both enthusiasm and ennui are contagious, that the students will reflect our attitude, and that this pattern is set on the first day. If we don’t establish rapport early, we may lose our chance forever. We need to be sincerely interested in the topic, the students and the students’ goals. A professor/mentor can make a difference in a young adult’s life, and we have been given an opportunity to do just that.

Teaching Ethics in Accounting Classes: One Perspective

By Debra Kerby, Truman State University, dkerby@truman.edu

Numerous articles, cases, and commentaries have been written about teaching ethics in accounting courses. The February 2004 issue of *Issues in Accounting Education* was devoted to the topic, and a simple Google search on the phrase “accounting ethics” yields nearly 3,000,000 results. There are also rumors that accounting programs may be required to have students take three ethics courses. With so many experts offering advice and opinions related to ethics and accounting education, what more could I possibly write about this topic? Certainly you won’t read about groundbreaking or unique approaches; I simply offer one more perspective.

Like many other professors, I require students to write responses to ethical scenarios. Typically students are asked to assume a specific role and to write a letter or memo to a designated audience. In undergraduate accounting courses, I offer some basic instruction on a stakeholder decision model and provide a specific code of ethics, such as the IMA’s *Standards of Ethical Conduct*. Students can usually identify the ethical dilemma, but they identify only a fraction of the affected stakeholders or alternative courses of action. In most cases, the students recommend an appropriate course of action. Thus, it would appear that case study assignments are successful in developing skills for resolving ethical dilemmas. Unfortunately, I’m not so sure this is true.

As part of my school’s assessment process, students compile a portfolio of selected assignments and reflective responses to prompts. One such prompt asks students to describe their most significant experience that demonstrates their ability to analyze an ethical dilemma and choose an appropriate course of action. During the Spring 2004 semester, 133 students responded to the prompt. Only 33 students identified case studies or ethics papers as their most significant experience. By contrast, 38 students identified opportunities for cheating as their most significant experience to analyze an ethical dilemma.

Although student comments about case studies were overwhelmingly positive, the most frequent criticism was that the scenarios and dilemmas were too simplistic. The students noted that the “appropriate” course of action was obvious so the case analysis became a rote exercise. They suggested the use of more “real world” situations that involved complexity and shades of gray. This problem of simplicity may partially explain why 38 and 31 students identified the more complex cheating and work/co-curricular situations, respectively, as their most significant ethical experience. These assessment results, along with the February 2004 *Issues in Accounting Education*, prompted me to re-think the ethics component of the management accounting seminar that I teach.

In the seminar, assigned case studies are more complex and ambiguous so the “appropriate” course(s) of action should be less obvious. Although this assertion is likely true, I believe many students have not given serious thought to their ethical orientations or approaches to decision making. Two of the activities added to the seminar specifically addressed student awareness and understanding of his/her ethical values and orientation.

First, I returned to a classic article by Bowen H. McCoy, “The Parable of the Sadhu” (*Harvard Business Review*, September/October, 1983, 103-108). Although I used the article extensively during the 1980s and early 1990s, I had abandoned it for more current case studies. In retrospect, I think this was a mistake. For those unfamiliar with the article, McCoy describes a dilemma encountered while undertaking a Himalayan trek. McCoy and others discovered a religious pilgrim along the trail and made the decision to leave him rather than take the man to safety. McCoy’s reflections about their decision can be used to encourage student introspection and reflection about ethical choices. In addition to class discussion, I asked

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to students to write a reflective essay by posing several questions. Among the prompt questions were the following:

- Why is it difficult to identify ethical dilemmas?
- What is the impact of group responsibility when making ethical choices?
- What impact does a strong goal orientation have on making ethical choices?
- What if there is intense competition that may hinder achieving the goal?
- What is the effect of defining ethical dilemmas as either/or conundrums?

What is the mental or emotional effect of ethically shallow choices?

Feedback about the article on the course evaluation was quite positive. Of the 28 students, 26 indicated that the article should be required reading; 27 indicated that the article effectively illustrated the possible conflict between group and personal values; and, 27 also stated that it effectively illustrated the effect of a strong goal orientation on ethical choices. Will I use this article again? You can be sure that I will!

The second activity that I added to the course directly addresses individual differences in ethical orientations. I used the Ethics Position Questionnaire (EPQ) and related exercises as described in “Exposing Accounting Students to Multiple Factors Affecting Ethical Decision Making” (Robin R. Radtke, *Issues in Accounting Education*, February 2004, 73-84). After completing the EPQ, students were classified into one of four groups: situationist, absolutist, subjectivist, or exceptionist. After discussion, students were placed into heterogeneous groups to discuss ethical vignettes. The discussions were lively but frustrating for some students as consensus about the vignettes was difficult to reach. Feedback on this exercise was also positive. Twenty-four of 28 students agreed with the statement, “Discussing ethical scenarios with individuals who have different ethical orientations helped me to better understand why conflicting conclusions or opinions about ethical dilemmas may exist.” Based on this feedback, I will also use this activity again.

The feedback from the two activities just described leads me to conclude that using case studies to provide practice in identifying ethical dilemmas, applying ethical frameworks, and recommending an appropriate course of action is not adequate ethics education for our accounting and business students. In addition, students need to be asked to reflect upon and identify their values and ethical orientation. As a result, students may be less likely to compromise their values when confronted with ethical dilemmas, but they will also understand why the dilemmas may lead to differences of opinion or conflict. By taking the time to reflect on ethics while in the relative safety of the classroom, students may not feel as stunned when faced with tough choices in their workplace.

**Reminder: Submissions for the next issue
of The Accounting Educator are due
May 30, 2005.**

A Continuous Case Project for Introductory Accounting Courses

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Case Overview:

This case project is designed for students enrolled in an undergraduate course on Introductory Financial Accounting, although it can be modified for an entry-level MBA or Financial Statement Analysis course. While this project was developed for use in online accounting courses, it could be used effectively in a blended or on-campus course.

Initially, each student is assigned to a permanent group of four or five students and must select a publicly-traded company in the same industry sector. During the semester, students submit knowledge-building assignments about their particular company to the instructor and to other members of their group. In the final assignment, students must individually recommend and justify which of their group's four or five companies would be the best investment, based on what the instructor presented during the semester and on the information distributed within their group.

Weekly Assignments:

The weekly assignments often correspond with the reading in the textbook or supplemental reading assignments throughout the semester. Examples of the assignments we use are provided below.

- Select a company within the predetermined industry sector and a sub-sector selected by the group. Each member of the group must then select one company within the sub-sector to examine throughout the semester and verify that the company's stock is still actively traded.
- Calculate selected key financial ratios from the company's annual report.
- Explain the significance of the ratios in investment decisions.
- Prepare graphs of the company's stock prices for specified time periods (e.g., one month, one year, and five year periods). Include a stock index (e.g., DJIA) in each of the graphs.
- Locate and summarize recent articles and/or press releases about the company which may impact the price of the company's stock.
- Identify selected information from the notes in the annual report.
- Complete the final analysis in which students justify their selection of the company which would be the best investment. Students are expected to integrate what they've learned from the textbook and readings with their own research as well as the research done by all members of the group throughout the semester. This final report is not shared with other members of the group.

Summary & Classroom Experiences:

In our view, a continuous, semester-long case is especially beneficial for permanent student groups taking an online or blended course, where student interaction is limited. Our case includes both group and individual activities that requires interaction and information sharing among group members. Participation is monitored effectively when the instructor requires that all inter-group communications occur on a pre-assigned group page or discussion board which includes the instructor as a group member. If a course management system is not used in the course, the submission of weekly assignments to the instructor and team members could take place by e-mail.

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Although we did not ask for or receive specific student feedback on the case, we are convinced that the quality of students' work is much better than if students worked on the project individually, or if they did not distribute their work electronically to other group members. For example, one of the assignments asks students to prepare several graphs regarding the financial performance of their particular company. Sharing this information with other group members clearly demonstrates the many creative things that can be done. The quality of the graphs in the final assignment clearly evidences the learning that takes place.

Lastly, we recommend that if the case is used in an MBA or upper-level class, the instructor can expect a deeper understanding of financial accounting and reporting in the final assignment by incorporating a set of semester readings which require threaded discussions and on a class-wide discussion board. Please contact either author by email if you would like a detailed description of the specific assignments we require during the semester.

NO ACCOUNTING NEEDED? A Review for Intermediate Accounting

By Rose Marie L. Bukics, Lafayette College, bukicsr@lafayette.edu

One of the common problems professors teaching an intermediate level course face is the quality and depth of the information students bring with them from financial accounting. In schools where financial accounting is concentrated in a one-semester course, students receive exposure to material in a more concentrated form; this, in turn, can exacerbate the lack of retention. Thus, additional review is often required.

Over the past 25 years, I have used many different methods, for example, basic review sheets, to help students review the material so that the intermediate level material flows naturally from the work completed in financial accounting. However, such traditional reviews tend to emphasize terms and learning more by a rote method rather than reinforcing an understanding of what they had learned. Recently, I began to change my approach, with the specific goal of having students understand why a business needs the information it does in order to objectively determine its financial results.

A good starting point for such a review is to emphasize the goals and objectives of the accounting system, in particular understanding the role the accounting system plays in answering the question about "how a business is doing." To insure that students understand the accounting system, I begin the review on a basic level, specifically discussing the system using general ideas and concepts. I developed the following case, entitled "NO ACCOUNTING NEEDED", to try to get students to understand what an accounting system is trying to accomplish in terms of measuring the results of a business. I believe that if students can understand the goals and objectives on a basic level, it is then easy to attach the specific accounting terminology. The result is an understanding of why things happen as they do as well as the specific terms and labels typically used in a formal accounting system.

This case focuses on several things. First, it emphasizes why accounting systems measure what they do and it links specific information needs to the type of information available to answer a specific question. It also gets students to thinking creatively about problems and issues. It allows them to see that while almost everything can be measured, not every measurement renders useful information for a particular type of business decision. Further, it forces students to think in non-traditional ways, stretching them to consider things in a manner totally different from what they were used to. In summary, if they can understand why businesses need the information they do, they can more easily understand why an accounting system works the way it does.

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The case as presented below is best used within the first week of an intermediate level class and works best if assigned as a group in-class project. I typically give the students 25 minutes to answer the questions and then have a follow-up discussion.

CASE: NO ACCOUNTING NEEDED

Sam Smith formed a company two years ago to develop, manufacture, distribute and market his newest invention. He is presently looking for personnel to aid him as the company grows. As a new college graduate, you are interviewing for a position in his firm because you see the tremendous growth potential of such a company.

In the interview, Sam described his operating philosophy as a “shoot from the hip” approach. He is interested in hiring you to “keep track of things.” When you question what he means, he informs you that he doesn’t want, nor need, an accounting system to figure out how he’s doing. In fact, he tells you that he “just knows.” When you ask him why he wouldn’t need an accounting system, he tells you he doesn’t believe in it; in fact he tells you it was his most boring class in his college career and he doesn’t see any need for such a “convoluted way of doing things.”

You chuckle to yourself, secretly sharing some of those same thoughts about accounting. He tells you he’s ready to hire you because of your economics and business degree; he figures you’ll have a well-rounded education that can be used in a variety of ways.

He begins by asking you to develop a system that would tell him how well the business is doing; however, you cannot use a formal system of accounting, such as a sales journal, nor any accounting terminology, such as profit, general ledger, sales revenue, productivity etc. What alternative measures would you use to answer his question “how well is the business is doing?”

Based on your responses in #1 above, determine what the potential problems are with the measures you designed for him. (Hint: focus on what those parameters wouldn’t tell you.) What are some of the larger business issues that a business needs to be concerned about that could not be addressed without a formalized system of accounting?

A small sample of student answers for the question “how is the business doing” all focus on increases as indications of growth. They then conclude that growth equals a positive result for a company. Such answers might be:

- *an increase in sales orders
- *units shipped
- *number of employees
- *an apparent need for/purchase of additional facilities

A lively discussion usually ensues. It is at this point that students see how their proposed measurement system is incomplete in supplying the information needs of a business owner. For example, an increase in unit shipped doesn’t provide information on profitability since pricing information isn’t available. An increase in the number of employees isn’t necessarily helpful unless productivity is also discussed. This discussion then logically leads into item #3 where you can quickly reinforce the specific content, as well as the benefits, of the standard accounting system learned in introductory accounting.

The Whys and Wherefores of using Monopoly to Teach Intermediate Accounting II

By Jacqueline Perry, West Virginia University Institute of Technology, Jacqueline.Perry@mail.wvu.edu

Introduction

Several years ago, I started using Monopoly® to help Principles of Accounting I students understand debits and credits. It worked. The more I used Monopoly® in Principles classes, the more I thought the concept would work with Intermediate Accounting students, with modifications. Intermediate accounting students did not need to understand debits and credits, they needed to see how it all went together. I modified the “rules” that I had gotten from articles by W.R. Knechel (1989), W.R. Knechel and R.S. Rand, Jr.(1994), W. D. Albrect (1995) about using Monopoly® in accounting courses. I had also attended a presentation by Albrect at Virginia Tech that related to using Monopoly® in accounting courses. Some of the concepts presented at that seminar, particularly the investment component, found their way into my Monopoly® case for Intermediate Accounting II.

The Method

Before starting the game, students do several group assignments that help them to understand what “real” financial statements look like and where they can find the information relating to the concepts being covered in class. Groups of students use the financial statements from several companies to locate and present, for example, current liabilities, contingent liabilities, bond issues, stockholders’ equity, treasury stock, earnings per share, and fully diluted earnings per share. Most of these concepts are incorporated into the Monopoly® project.

Each student is given a packet for their Monopoly® game, included in the game box. No more than four players are assigned to a team. For the most part, I let students select the team they wish to have. The packets contain two pieces of property (could be a railroad or a utility as well), the initial \$1500 that starts the game per game rules, a cash disbursement journal, a cash receipts journal, a payroll journal, a general journal, and an incomplete general ledger. No one on the same team gets the same color property nor do individuals get property from the same side of the board. I also do not give anyone Park Place, Boardwalk, Baltic Avenue or Mediterranean Avenue. They also receive a slip of paper containing information about an initial bond issue. The bond is issued at either a premium or a discount. The students get the proceeds of the bond issue from the bank, once they have calculated the amount they are to receive. This results in more money to start the game. The property and money in their packet is payment for shares of stock, so the students must determine the amount of common stock they have issued and any additional paid-in-capital. Also included in their packet are the “rules” they play the game by. The game is played according to the game rules except that at various turns, they will have to buy back stock (treasury stock), pay interest on the initial bond, issue another bond (convertible), and issue additional stock. This year they will also hire employees that must be paid.

During the game, no one goes “bankrupt”. If a person does not have money to pay rent or other expense, then the team member, to whom the money is due, has to extend credit to the team member who does not have enough cash on hand. Team members decide if they want to use a separate “fund” for accumulating fines, miscellaneous expenses, and fees that would normally go to the bank (other than for property) and the person who lands on “Free Parking” gets those funds. This is a team decision, not an individual decision.

Once the game is concluded – at the end of 26 turns (more if there is time, but never more than 52

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turns), students count their money, list their property and houses/hotels, and put everything back in the box. They take their packets home. The outside assignment is to prepare financial statements for their “corporation.” The financial statements must have the four required statements as well as notes to those statements. Every now and then, I do get a management discussion section to the statements. This year, I will require them to do the Management letter. When the financial statements are turned in (I do not require them to hand in all of their journals and supporting materials), I make copies of each person’s statements to distribute to the class. From these copies, each student has to use five analysis tools to determine which of the companies they would like to invest their imaginary \$500. Once the investment decisions are made, each student turns in an investment decision page, and from that information, I create a table for the students to see in which companies students invested.

The Whys and Wherefores

Students tend to learn more from using what they have learned. The Monopoly® project helps solidify what they have learned in the first few courses in Accounting, be able to apply those concepts, and have fun doing it. It also allows students to develop critical thinking skills, problem solving skills, team building skills, and communication skills. Many times students form allegiances between team members that might occur in a normal business relationship.

Monopoly® provides a relaxed means of assessing students retention of content learned in the Principles classes and in Intermediate classes. This assignment is not a formally graded assignment. Most of the students turn in high quality work, very few turn in work that is not complete or not correct. Many of the students prepare their financial statements using either Excel or Word programs. They spend quite a bit of time outside class preparing their statements. The Monopoly® case project does count toward the final grade, but it is a relaxed, fun part of the assessment process. The reason for this is to allow students to have a risk free learning environment in which they can stretch their creativity. Some students felt it was too much work, but admitted to having understood more than before starting the project. Most students enjoy the game and feel it helps in understanding bond issues, weighted average shares and calculation of earnings per share, both basic and fully diluted.

Because of the “fun” involved in the learning process, it makes time go by quickly. It also has the added benefit of surprising students with what they have learned, while playing.

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Why Corporate Annual Reports Should be a Part of MBA Accounting Classes

By: Carole L. Shook, University of Arkansas, CShook@walton.uark.edu

Have you ever desperately needed a financial accounting project to assign in your classes and only had a short time to prepare one? Each of us is often under time pressure to meet classroom and teaching needs, research expectations, and service loads. Sometimes it is difficult to juggle all of these items at once. Last semester, I found out a month before classes began that I would be teaching two MBA classes that would mean two new preparations for me. Placed in this challenging position, I was unsure of how I could manage to choose the books, prepare the syllabus, and begin preparations on the class – and choosing assignments in advance definitely seemed like the last straw!

I felt strongly that one of the most important skills for MBA students to have from their financial accounting courses is the ability to examine a corporate annual report and make decisions. Since the financial statements and their meaning are covered heavily in this type of class, it seems important to bring as much real world relevance to this topic as possible. Students can use information about corporate annual reports to decide if they want to work for a company or make decisions about their current position, invest in a company, and to find out information about competitors. Most have no idea how much information is publicly available to them. I have often worked with a smaller project for undergraduate introductory accounting classes that seemed to stimulate student thinking, not just about the corporate annual report, but also about the subject of accounting as a whole.

This time however, I would not have time to expand the project to the level that MBA students desired. The textbook already chosen for the course did not provide the detail that the introductory class for undergraduates did, so more explanation would also be required. Time is extremely limited in these courses as all were accelerated to covering at least double the material in a week as a regular class. As I was reading about and examining textbooks, I found the most wonderful project/short textbook called “Understanding Annual Reports” by Dr. William R. Pasewark of Texas Tech University and published by McGraw-Hill. (I want to state that I do not know Professor Pasewark and have no financial interest in recommending this textbook). I ordered a desk copy and found this book to be well-written with a good level of detail that would cause students to explore all areas of the financial statements and use the annual report to make decisions and predictions about whatever company I chose to assign to them. The book gives guidelines on how to find an annual report, information on all financial statements, in depth ratio calculations and explanations, an examination of the audit report, and detailed questions and guidance on using management discussion and analysis and the footnotes to the financial statements to make predictions about the future. The book provides enough detail that it is a stand alone project – needing no additional explanation from the instructor in class and independent of whatever primary textbook is chosen.

I assigned this project to student groups composed of four to five people. The project took them 20 to 40 hours in total to complete if the students did not have a business background. Students with a business or accounting background took about 10 hours to complete the project. The project was so well-written that all of the questions were related to the individual annual reports assigned and finding certain items, and there were no questions related to the explanations provided in the textbook itself. After completing the project, the students also presented their findings with particular focus on their predictions of the future for the company so that the students could develop their reasoning and critical thinking skills, imperative for MBA students.

The response to the project from MBA students was overwhelmingly positive. I had stu-

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dents write about what sections or projects of the class were the most valuable to them. The annual report project received the largest response. Here are a few of the comments that students had about this project. One student said that, "Reviewing each statement and learning what each statement is comprised of sharpened my knowledge of how to value a company's success. I found the practice of looking at statements and trying to decipher the important parts to be helpful. I feel this will be a necessary skill for my future, not only in the business world, but for my personal life as well. To be able to make sound decisions on future investments for business opportunities and of my personal savings, makes me realize that it is important not to take the company's financial statements at face value. You have to be aware of the pitfalls and be able to run quick ratios that will give an idea about the position of a company. This is important with the recent lack of ethics in the reported accounting statements of a few prominent companies. As an investor you have to be conscientious and cautious." It is very exciting to read about students looking beyond the numbers and making decisions. This is always one of my goals, but most especially for advanced students as these.

I think one of the primary things that I wanted students to take from the project was the ability to recognize that although financial statements are prepared according to strict guidelines and usually with great care, that users of those statements need to be aware that multiple standards could be used to create these reports and use professional skepticism when viewing financial information. I think the project met this goal when I read the following comment, "Financial statements and annual reports do not always give an accurate depiction of a company's financial position. Further analysis of notes to the statements, comparisons of past statements, and other factors are imperative to get a more accurate understanding of the statements. Utilizing these tools may leave some questions unanswered, but I have been left with far fewer questions and a much better understanding of the statements than I had when I just looked at the base numbers."

Ratios are especially important. Students often find this part of accounting to be boring. I think that looking beyond the basic calculations to realizing the meanings of the different behaviors of ratios is a skill that is hard to instill in students. A student writes that, "The ratios that had to be calculated in relation to the numbers presented in the annual report provided an insightful method of determining a company's true state." To have students look forward to, and not fearing, the interpretation of ratio changes helps to make me feel that students will continue to use these skills as they progress through their careers.

After completing the project I feel even more strongly that having students dig into the corporate annual report is vital in MBA financial accounting classes. I would also recommend this project to introductory accounting classes or to any upper level accounting courses with a goal of showing students the real world importance of accounting. As the student comments in this article attest, there are few things more powerful in accounting education than finding numbers and making personal interpretations of their meanings.

How High Can the Analysis Of An Aircraft Purchase Fly?

By Roland L. Madison, John Carroll University, rmadison@jcu.edu

The following case is from a situation actually faced in industry by a young managerial accountant. While for our members who are experienced in managerial accounting, the proper resolution of the ethical conflict may seem obvious, but for a person who has been in the profession just a short period of time, the pressure to provide a superior with the results expected is quite great. This case demonstrates a management accountant who knows how to correctly apply the technical application, but must endure pressure to make inappropriate changes in the technique to achieve the desired end result — how would you or your subordinates react under such pressure? Since 1983, the IMA has provided a code of conduct to help its members deal with such situations.

Case

Amy Kimbell, a long-time member of IMA, holds certifications as both a CPA and a CMA. She has an advanced degree in business from a well-known northeastern university. She has just joined ABC Metals and Molding, Inc. (ABC) as assistant controller in charge of planning and financial analysis. Previously, she had spent nearly ten years on the audit staff of a large regional accounting firm working in the Washington D.C. area. She left the firm because only the male rainmaker new business development types seemed to be making partner.

Anthony Highflyer is the Chief Financial Officer (CFO) of ABC Metals. He joined the company two years earlier after serving for 10 years as an audit partner in a national accounting firm. One of ABC Metal's goals is to get its products into international markets. This requires ABC's sales and management personnel to travel into Canada, Mexico, and South America with great regularity. During the last ten years, ABC has acquired a fleet of four corporate aircraft. One of the planes is a modern corporate jet that can carry between nine and seventeen passengers quite comfortably to any of these target destinations with a maximum of only one stop for refueling. The aircraft cruises efficiently at .83 mach at an altitude of 37,000 feet.

The second aircraft owned by ABC is a modern but somewhat smaller turbo-prop that can carry up to a dozen executives virtually anywhere in the United States with only one refueling stop. Given his seniority and position in ABC, Mr. Highflyer typically travels in this aircraft. The other two planes are both older piston driven aircraft. They are much smaller and relatively slower than the turbo-prop, traveling at about two hundred fifty knots and cruising at an altitude of between twenty- and twenty-four thousand feet. Essentially, they are used for domestic (within the United States) trips that require the presence of a sales person or an executive to conclude contract negotiations. These aircraft are kept relatively busy but clearly have limitations for projecting ABC's image as the company that will fit easily into the targeted international markets where top management, including Mr. Highflyer, wants to take ABC within the next three years.

Highflyer has obtained information on the purchase price of a new medium-sized long-range corporate executive jet that has the range to reach ABC's targeted global markets. He has instructed Ms. Kimbell to perform the standard net present value (NPV) analysis required by ABC's Board when any capital asset costing more than one million dollars is being considered.

Amy performed the requested analysis and gave her report with supporting documentation to Mr.

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Highflyer. The results showed a negative net present value, using ABC's standard hurdle rate for the purchase of capital assets. This, of course, meant that the board of director's finance committee would not approve the transaction. Highflyer told Amy to recheck her work because the result should have a positive net present value to the company. Specifically, he told her to increase the salvage value by fifty percent and the sub-lease usage rate by one-third. The latter change will have a significant impact on the cash flow from the new aircraft and it will also result in a positive NPV from a budgeting perspective. Finally, Highflyer told Ms. Kimbell to see if the economic useful life could be estimated at twenty-five years rather than fifteen years. The impact of this change would lower the annual fixed operating costs while extending the sub-lease revenue stream. Both of these items would have a positive impact on the NPV analysis and enhance the likelihood of purchasing the new aircraft.

Amy contacted the aircraft manufacturer who informed her that the residual value she had originally projected was slightly conservative, but that the new amount she received from Highflyer was extremely optimistic to the point of being excessive. Also, the manufacturer's representative told Kimbell that while the sub-lease usage rate she had originally used for the aircraft was slightly conservative, the revised rate she was given by Highflyer simply was not reasonable in the present market for sub-leased or shared-ownership aircraft. Finally, while it was not uncommon for the aircraft in question to be flown for period of fifteen to a maximum of twenty years before being nearly totally rebuilt, operating costs typically increased significantly after about ten years, and by fifteen years of use, became prohibitive to the point of accelerating rebuild work by up to five years. In other words, a twenty-five year useful life of the aircraft could not be utilized without the recognition of significant additional operating costs after ten years and a large rebuild cost incurred after fifteen years of usage.

After all the revisions were made which reflected Amy's conversations with the manufacturers rep of the aircraft, the net present value analysis resulted in an even larger negative net present value. And, she knew Highflyer would not be happy because the board's finance committee now would surely reject the proposal. They rarely made exceptions to its policy without extremely extenuating circumstances. When she showed her revised report to Highflyer, he became extremely angry. He directed Ms. Kimbell to make the changes exactly as he has suggested, and remove any of the revisions or estimates based upon information she had obtain from the manufacturer's representative. He directed her to have the revised analysis to him by the end of the week in order to take the proposal to the board finance committee's next meeting in 10 days.

In order to comply with his instructions, Amy would have to revise the proposal over the weekend. She is not at all comfortable having her name associated with what she believes is, at best an inaccurate report, and at worst an analysis that is written with the intent to deliberately deceive the finance committee solely because of the self-interest of the Chief Financial Officer.

Uncertain as to what she should do, Amy opens her desk drawer and takes out the IMA's Standards of Ethical Conduct and reads it. Then she jots down several possible alternative courses of action as follows:

- Follow the instructions she has been given by the CFO and make the changes as he has outlined them.
- Make a telephone call to one of her college friends in public accounting and get her opinion.
- Talk the matter over with her husband, who is in a senior management position with another large

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manufacturing company that also owns a fleet of corporate aircraft.

- Send an unsigned note to the chair of the finance committee telling her what flaws are contained in the proposal and that the chair should vigorously question the CFO about when he presents the aircraft purchase proposal to the committee.

Required:

1. In this situation, does Amy Kimbell have a responsibility to take any action in order to comply with the IMA's Standard of Ethical Conduct? If she does have a responsibility, what specific portions of the Standard are applicable in this case?
2. Using the IMA's Standard of Ethical Conduct as a guide, evaluate the appropriateness of each of the proposed actions that Amy has identified.
3. Irrespective of your response to the second question, what do you recommend Amy should do to resolve this apparent ethical dilemma?

How Did THAT Happen??

By Linda Marquis, Northern Kentucky University, marquis@nku.edu

At Northern Kentucky University all seniors are required to take an anonymous exit survey. One of the questions asks about faculty with the greatest impact on the student's academic life. Almost all of the accounting faculty are mentioned sooner or later, but this past semester, I reached a new personal high: a MANAGEMENT major noted that I was one of the most influential in that student's academic career. What in the world had transpired in the Principles of Managerial Accounting course that I taught? What did I do? After decades of teaching, I hold no "delusions of grandeur" about my instructional abilities; I'm better than adequate but far from the star professor. Additionally, during the time in question, I was the chairman of the department and many times my administrative responsibilities took precedence over my classroom preparation time. After much reflection, I have an answer – it might not be the correct one, but it was the only change that I made in teaching.

What Changed

Although Northern Kentucky University, like many similar programs, teaches the Principles of Accounting courses with a user-orientation, the students persisted in thinking these courses were "too hard," covered "too much material," and basically were "designed for accounting majors." I had read these comments repeatedly on student evaluations of faculty and even heard the student advisors and other non-accounting business faculty repeat variations on these themes. I was tired of the comments and I was angry about the lack of support from my colleagues, but I couldn't express *that* in the classroom. Apparently picking user-oriented textbooks and selecting exercises and problems that were not accounting career-oriented were not making an impression. Instead, I made a concerted effort from the very first day to continuously bring the topic back to the students' major fields.

During the first class meeting, I had the students physically sort themselves into the nooks and crannies of the classroom based on major. Since these were sophomores or early juniors, most of them had not yet bonded with their peers in their major so they didn't know who was marketing and who was finance. We even had a group of "everything else" majors – the outliers in such areas as journalism, international studies and math. I had already counted the numbers that should be in each group and did a little razzing

for the students who elected to stay with a friend rather than go into the appropriate group. Briefly, I noted that Accounting Principles courses were required for most of the majors in the room; I also noted that the Accounting Principles courses were not general education courses and that no one took accounting courses just for fun. Then I gave each group 5 minutes to brainstorm why it was so important to their major to have two courses in accounting; at the same time the outliers had to come up reasons for taking the courses when their majors didn't require accounting. As could be expected, the answers were generally unsophisticated and naïve, but they did begin to invest in a need for this knowledge. I summarized the reasons on the board for the class and kept a copy in my notes. I encouraged the students to sit with their peers in their respective majors – which was contrary to everything I'd ever done when I was trying to emphasize interdisciplinary teams.

The method behind this madness slowly came out over the semester. As each new topic was introduced, I would find a time to call on a specific major and ask how that subject would be relevant to that major. Sometimes I would ask this of an individual; sometimes I would question all the majors. Occasionally, I initiated the new subject matter with this query, but most often I waited until TEGO time (Their Eyes Glazed Over time). The students who rarely participated in class (as well as those who were active class members) always came alert to this probe – they lost their shyness and volunteered. Some of the more astute class members would help other majors find reasons to learn about the area!

To keep my integrity in these discussions, I was frank in noting that not all the topics were equally relevant to all the majors. The finance majors sat back when I told them that they might never need to know anything about job order costing – but then I turned it around and asked them about financial statement analysis involving inventories (which was covered in the first principles course) and they promptly thought twice about ignoring cost accumulation methods. The management majors interested in human resource careers seemed to have the most difficulty in finding ways to use accounting information but with some subtle prodding they could envision using many of the techniques we covered.

Results?

At the time I didn't note any changes in my students' evaluations of my teaching. In the past I tended to teach in the "off-semester" for the managerial accounting course, so the students on average seemed to be a little weaker. I wasn't taking this approach scientifically; to be perfectly honest, I was simply tired of explaining that we don't teach these courses to the few accounting majors in the classes. After receiving the student comment about my influence, I reviewed all my student evaluations since I initiated this procedure (4 sections over two years) and found that not one student had complained about the amount of material the course covered or that the course was for accounting majors. (Unfortunately, I still got comments about the perceived difficulty of the course.) In the rush of reading every evaluation, I had failed to note this significant omission.

Clearly, this is not a reportable research result, but the management student notation coupled with the complete absence of comments on course content or course focus has convinced me that a different approach with absolutely no loss of classroom time or content is worth continuing.

