

AIR

Accounting Instructors' Report
A Journal for Accounting Educators

Belverd E. Needles, Jr., Editor

WINTER 2014 AIR NEWSLETTER

TRENDS

Learning Activities: Building Blocks for Constructing A Successful Course

Belverd E. Needles, Jr., Ph.D., CPA

ARTICLES

Ethical Attitudes Differ Among Generations: Implications for Accounting Educators

Curtis C. Verschoor Ph.D., CPA, CIA, CMA, CFE

DePaul University

Jon Mertz MBA

Corepoint Health

Ethical Sensitivity Exercise In First Year Accounting Courses

Roger L. Stichter DBA, CPA

Grace College

Innovative Verbal Communication Workshop: First Year Of Employment

Constance A. McKnight

University of Central Arkansas

Stephanie F. Watson

University of Central Arkansas

Entrepreneurs Need Accounting Too: The Case For Including Financial And Managerial Accounting In An Entrepreneurship Curriculum

John W. McKinley JD, LL.M., CPA, CGMA

Cornell University, Ithaca College

Robert J. Ellis

Ithaca College

Will I Pass The CPA Exam? The Relationship Between Individuals' Characteristics And Experiences, And Passing The CPA Exam

Hughlene A. Burton, Ph.D.

University of North Carolina at Charlotte

Brian Daugherty Ph.D., CPA

University of Wisconsin-Milwaukee

Denise Dickins Ph.D., CPA, CIA

East Carolina University

Dan Schisler Ph.D., CPA

East Carolina University

TRENDS

LEARNING ACTIVITIES: BUILDING BLOCKS FOR CONSTRUCTING A SUCCESSFUL COURSE

Belverd E. Needles, Jr., Ph.D., CPA
Editor, Accounting Instructors' Report
EY Distinguished Professor of Accounting
School of Accountancy
DePaul University

In recent *Trends* pieces, I addressed the “Changing Environment in First-Year Accounting” (Spring 2013) and “Managing Change Through Continuous Improvement.” (Fall, 2013). My colleague Sue Crosson described the implications of “The Evolution of Accounting Concepts.” (Summer 2014). In this issue, I begin a two-part series on how to make first-year accounting a more dynamic learning environment. In this issue, I delineate the set of learning activities from which the instructor may use in a first-year accounting course and suggest the criteria that may be used to select among these learning activities to successfully construct a successful course.

LEARNING ACTIVITIES

A number of learning activities are effective in motivating students to become more involved in their learning process. An active learning environment is critical for the development of communication, interpersonal, and personal skills in students. These learning activities are an important component of an effective instructional strategy. Learning activities include discussions, video viewing, demonstrations, simulations, computer-based instruction, case study analysis, integrated case study analysis, mini-case analysis, role-playing, field trips, games, and group work/team tasks. Definitions of these and other learning activities are shown in Table 1 below.

Table 1. Definitions of Learning Activities

Lecture	A lecture is a carefully structured oral presentation of a subject by a qualified expert. It is a discourse given in front of a class or an audience for instructional purposes.
Demonstration	A demonstration is a presentation that shows how to perform an act or procedure. It can be done live or through a prepared videocassette. It should be brief, allowing time for interaction with the learner, before proceeding to the next point.
Discussion	A structured discussion is a presentation that follows a specific and detailed agenda.
Simulation	Simulations attempt to reflect reality by creating a scenario that imitates a real situation and puts the participant in control. They may be role-play, paper-based, or computer-based.

Role-Playing	Role-playing is a learning activity in which learners act out a situation in order to acquire the skills needed to manage the interpersonal dynamics of that situation. Role-plays are enactments of situations the student has faced in the past or will face in the future. Role-plays help students try out new behaviors they have learned or discovered. As observers, students use active listening skills.
Case Study Analysis	Case study analysis is a detailed account of an event or organization that is presented to the participant as a basis for discussion or activity. The case can use a variety of media, such as film, video, written materials, oral presentation, or a combination of these.
Integrated Case Analysis	Integrated case analysis is a detailed account of events of a company that is referred to many times throughout the course as a basis for discussion or activity. For example, one case company can address issues or contain content problems for each topic. Case history and background information are often provided at the beginning of the course or module.
Mini-Case Analysis	Multiple mini-case analysis is used in a course to present a number of different situations. Participants often read the case background and work on an activity.
Video Viewing	Video viewing is a learning activity that enables students to visualize a real-world location, process, or encounter otherwise unavailable to participants.
Computer-Based Instruction	Computer-based instruction presents information followed by questions in a computer-based format. Some examples include tutorials, general ledger packages, spreadsheet programs, and case simulations. On-line instruction and course management programs have greatly expanded the possibilities of computer-based instruction.
Field Trip	A field trip is a learning activity in which observation of a real-life situation contributes significantly to the participants' understanding. For example, a field trip to a factory would be an appropriate way to show participants an assembly line operation. Also appropriate would be an individual field trip or a virtual field trip at a company's web site.
Game	A game is a learning activity governed by rules, entailing a competitive situation that provides an opportunity to try out previous learning. The learning comes from experiencing the game, including the interacting of students, not from the content of the game per se.
Group Work/ Team Task	A group work/team task provides students an opportunity to work with others in the classroom to pool their thoughts and efforts to complete an activity. This technique is especially effective if the activity is particularly difficult or unfamiliar to the students. By working in a team/group of four to six students, students feel less frustrated and more secure in completing the activity.

CRITERIA FOR SELECTION OF LEARNING ACTIVITIES

The choice of learning activity can be complex. As a guide for selection of the appropriate learning activity, a matrix is provided in Table 2 that shows the appropriateness of learning activities on the basis of six criteria. In the matrix, an “X” means that the learning activity is effective in meeting the indicated criterion, and an “(X)” means that the learning activity is *especially* effective in meeting the indicated criterion. The criteria are explained as follows:

- *Learning levels:* Some learning activities are better at achieving higher levels of learning than others and some are best with the higher levels. For instance, lecture is especially effective in imparting a body of knowledge quickly and efficiently, whereas case analysis and groups/teams are better at achieving higher levels of analysis and synthesis and evaluation.
- *Skills:* All learning activities are good at imparting technical/analytical skills, but some learning activities are better at developing communication, interpersonal, and personal/self skills. Role-plays, games, and groups fall into the latter category.
- *Interaction:* Some activities achieve a low level of interaction, such as lecture and some case analysis, whereas others achieve a high level of interaction, such as groups.
- *Placement:* Some learning activities may be better used in one part of a course than in others. In some cases, it is better to start with the less complex activities, such as lecture, and end with the more complex, such as role-plays.
- *Motivation:* Some learning activities require a high level of motivation on the part of students if they are to achieve the most from them. Role-plays, case analysis, computer-based instruction, and groups fall into this category. Others may require less motivation on the part of students.
- *Class size:* Some learning activities work better in small classes and others work better in large classes.
- *Time frame:* Since class time is valuable, it is important to recognize that some learning activities require more time than others and to plan accordingly.

These criteria are intended as general guidance about constraints and goals, in the judgment of the authors. Instructors should use their own experience to modify the indications in the matrix to their own use.

TO BE CONTINUED

In the next issue of *Accounting Instructors' report*, I will address the challenging task of implementing learning activities into a cohesive and interesting course for today's environment.

Table 2. Criteria for Learning Activity Selection

		L	DE	DI	SI	RP	CA	ICA	MC	VT	CBI	FT	G/T	G
Learning Levels	Knowledge/ Recall	(X)	X	(X)						X	X			
	Comprehension	(X)	X	(X)					(X)	(X)	X	X		
	Application	X	(X)		X		X	X	X	X	X	(X)	X	(X)
	Analysis				(X)	X	X	X	X				(X)	(X)
	Synthesis				(X)	(X)	X	X					(X)	X
	Evaluation				X	(X)	X	X	X				(X)	X
Skills	Technical/ Analytical	X	X	X	X	X	X	X	X	X	X	X	X	X
	Communication	X	X	X		X	X	X	X			X	X	X
	Interpersonal			X		(X)						X	X	(X)
	Personal/Self			X		(X)							X	X
	Technology	X	X		(X)		(X)	(X)	X	X	(X)		X	X
Interaction	High Interaction		(X)	X		(X)	X				X		(X)	X
	Low Interaction	X			X		(X)	X	X	X		X		
Placement	Start of Course	(X)	X		X				X	X	X			X
	Middle of Course	X	X	(X)	X	X	X	X	X	X	X	X	X	X
	End of Course	X	X	(X)	X	(X)	(X)	X	X	X	(X)	X	(X)	X
Motivation	High Motivation	X	(X)			X	X				(X)		(X)	X
	Low Motivation		X		X						X			(X)
Class Size	Large Class >50	(X)	X	X	X	X	X		X	X		X	X	(X)
	Small Class	X	X	X	X	(X)	X	(X)	X	X	(X)	X	(X)	X
Time Frame	Short Time Frame	(X)	X		X	X	X		(X)	X		X	X	X
	Long Time Frame		X	X				(X)			X	X	(X)	

X = Effective (X) = Especially Effective

Learning activities:

L = Lecture

DE = Demonstration

DI = Discussion

SI = Simulation

CBI = Computer-Based Instruction

CA = Case Analysis

ICA = Integrated Case Analysis

MC = Mini-Case Analysis

VT = Video Viewing

FT = Field Trip

G/T = Group Work/
Team Task

G = Games

RP = Role-Playing

ETHICAL ATTITUDES DIFFER AMONG GENERATIONS: IMPLICATIONS FOR ACCOUNTING EDUCATORS

Curtis C. Verschoor and Jon Mertz

Curtis C. Verschoor

Curt Verschoor is a globally prominent author, researcher, editor, speaker, and expert witness on the subjects of applied business ethics, auditing, corporate governance and audit committees, internal auditing, and auditing management. He is also a former senior finance executive at major international corporations and university research professor. He holds Bachelor with honors and MBA degrees from the University of Michigan and a doctorate from Northern Illinois. His email address is curtisverschoor@sbcglobal.net.

Jon Mertz

Jon Mertz is vice president of marketing at Corepoint Health. Jon has extensive experience in the technology industry through his work at BMC Software, IBM, and Deloitte. Prior to this, he worked in Washington, DC, in various political appointee positions. Jon also is a leadership writer, focusing on how to empower Millennial leaders. Jon graduated with an MBA from The University of Texas at Austin, McCombs School of Business, in 1993. His email address is jhmertz@yahoo.com.

ETHICAL ATTITUDES DIFFER AMONG GENERATIONS: IMPLICATIONS FOR ACCOUNTING EDUCATORS

Some of the content of this paper has previously appeared in IMA® (Institute of Management Accountants).

INTRODUCTION

An independent research study has disclosed significant differences in attitudes among the generational groups. The ethical attitudes of Millennials, the most represented cohort in the ranks of college students, were surprising. These findings have implications for accounting educators who are more likely to be included in older generations, such as the boomers or Generation X.

The Ethics Resource Center (ERC) is a private, nonprofit organization based in Washington, D.C. Its mission is to perform independent research and the advance high ethical standards and practices in public and private organizations. ERC has been conducting national surveys of ethical attitudes, knowledge and beliefs in business. The latest comprehensive report, the 2011 *National Business Ethics Survey* (NBES) found that the ethical culture in business showed unexpected and disturbing findings that may portend a future downward shift in business ethics. A recent more detailed analysis of this survey's findings titled *Generational Differences in Workplace Ethics*, examines the differences in attitudes toward ethical issues among the four generational groups.

Demographics

The four generational groups examined in the survey are traditionalists, Baby Boomers, Generation X workers (Gen Xers), and Millennials or Generation Y workers (Millennials). Each generational group has had some of its characteristics stereotyped. Traditionalists, born 1925-1945, are hardworking, respectful of authority, and value loyalty. Baby Boomers, born 1946-1964, are hardworking, idealistic, and committed to harmony. Generation X workers (Gen Xers), born 1965-1980, are entrepreneurial, flexible and self-reliant, and comfortable with technology. Millennials, born 1981-2000, are tech-savvy, appreciative of diversity, and skilled in multitasking. A valid question is whether or not differences are generational or just a consequence of where individuals are in their age timeline. The aging process itself is a determinant of attitude and perspective.

Some of the negative traits and workplace attributes widely associated with each cohort that are set forth in the report include:

- Traditionalists--Conformers who resist change, are disciplined and pragmatic, work and family lives never coincide, dress formally.
- Boomers--Self-centered with sense of entitlement, workaholics, self-motivated, don't appreciate feedback.
- Gen Xers--Lazy, skeptical and cynical, question authority figures, desire for a work-life balance and flexible schedule, work dress is at low end of business casual.
- Millennials--Lack basic literacy fundamentals, very short attention span, not loyal to organization, demand immediate feedback and recognition, integrate technology into the workplace, expect to have many employers and multiple careers, work dress is whatever feels comfortable.

Reporting of Wrongdoing and Its Consequences

According to *Generational Differences in Workplace Ethics*, these differences in attitudes and traits have resulted in a great deal of variability in many of the measures of workplace ethics. The study found that the youngest workers are significantly more likely than their older colleagues to feel pressure from others to break ethical rules because the pressure “eases as workers spend more time in the workforce and learn ways of coping with their work environment.” As a possible solution, companies should concentrate more on issues of ethical culture during the orientation of new employees, which should mitigate their feeling of not knowing much about how to act within the culture of their new workplace.

Another finding in the generational study was that more younger workers have observed ethical misconduct in the workplace during the previous 12 months than their older colleagues. This is in spite of the fact that Millennials observed significantly fewer examples of using company time to conduct personal business than did those in older generations. The study explains this latter phenomenon by noting that younger workers tend to integrate their work and personal lives to a greater extent.

While earlier studies have shown that younger workers were less likely to report unethical behavior, the latest report shows a sharp increase in Millennials' reporting. “They are now on par with their older cohorts, except for Traditionalists,” who observed and reported less than in previous years. Millennials observed 49% of workplace misconduct, the highest of all generations. The types of misconduct observed include:

- Personal business on company time--26%,
- Lying to employees--22%,
- Abusive behavior--21%,
- Company resource abuse--21%, and
- Discrimination--18%.

Of those Millennials who observed unethical behavior, 67% of them reported the misconduct, which include:

- Stealing or theft--74%,
- Falsifying expense reports--71%,
- Goods/services fail to meet specifications--69%,
- Falsifying time sheets or hours worked--68%, and
- Offering improper payments/bribes to public officials--67%.

All age groups tend to inform their supervisors, whom they know well and can trust, about misconduct they observed. Only a small percentage of workers went outside their organizations with their initial complaints. Millennials are the group most likely to report by using the hotline option. The study found that younger workers were significantly more likely than those in older generations to feel some form of retribution or retaliation. This is possibly due to the increase in their reporting of misdeeds.

Millennials: The Future of Professionalism

Perhaps the most surprising and disturbing result in the generational analysis is the relatively high percentages of Millennials who consider certain unacceptable behaviors in the workplace to be ethical:

- Use social networking to find out about the company's competitors--37%,
- "Friend" a client or customer on a social network--36%,
- Upload personal photos on a company network--26%,
- Keep copies of confidential documents--22%,
- Work less to compensate for cuts in benefits or pay--18%,
- Buy personal items using a company credit card--15%,
- Blog or tweet negatively about a company--14%,
- Take a copy of work software home for personal use--13%.

The extensive use of social networking seems to pose challenges as significant numbers of Millennials post questionable information on their personal social networking sites:

- Feelings about their jobs--40%,
- Bad joke told by the boss--26%,
- Work on a project--26%,
- Picture of a coworker drinking--22%,
- Annoying habit of a coworker--20%,
- Information about the company's competitors--19%,
- Opinion about a coworker's politics--16%.

Most importantly, the report states that younger workers are significantly more willing to ignore the presence of misconduct if they think that behavior will help save jobs. “Willingness to ‘let the ends justify the means’ seems to have a strong inverse correlation with age,” according to the report. The key aspect for accounting educators as well as others for dealing with generational differences in ethical attitudes as they influence behavior is a better understanding of causative factors.

Influence of Information Technology

One of the key changes in our society is the rapid increase in the use of social media. Many Millennials have engaged in social media since an early age. It may have started with MySpace but quickly moved to Facebook, then Twitter, and other newer social channels. Connecting with local friends or others across various cities or countries became easy and commonplace.

According to Pew Research in 2010, three-fourths of Millennials have created a social networking profile compared with 50% of Gen Xers, 30% of Boomers, and 6% of Traditionalists. Millennials also are more likely to visit social sites several times a day than older generations. These sites and interactions set the stage for unique collaboration traits.

What far-reaching social channels deliver to the business environment through various applications is access to many diverse views along with sharing and working together on different projects. Social media also becomes a support structure, delivering advice and guidance through all of an individual’s challenges whether they be personal, in school, or the workplace. Social channels have resulted in the close integration of a Millennial’s career and personal life.

Understanding how new technologies may be impacting the behavior in the business environment of Millennials more than other generations leads to at least four key points:

- 1) Accountability for wrongful or harmful decisions is almost immediate. Social networks allow word of transgressions or inappropriate actions to spread widely with lightening-like speed. Communications intended to go to a limited discrete audience may find themselves known around the world. When trust is betrayed, a multiplier effect arises to quickly determine responsibility and identify people who are accountable. Consequently, repercussions come quickly and, at times, even too quickly. The danger arises that many may make snap judgments without having all relevant information. While the ease of reporting betrayed trust is at the fingertips of individuals across all generations; Millennials may find the process just a little more natural, which may explain the results of the survey that found a sharp increase by the group in reporting misconduct.

Prospective accountants, more than any other college students need to realize the immense consequences of a breach in confidentiality. Accountants, whether in public practice, business, or government have unique responsibilities to the public at large as well as to their employer. Mere knowledge of professional ethical standards is not sufficient. Practices of information security need a new frame of reference so the potential risks of harm are well understood by all, particularly those using social media.

The possibility of whistleblowing should not be considered without first fully evaluating the potential for injury to many. Who would want to be responsible for allowing actions or important information to go viral? Think of the harm it would cause. With this understanding, the topic of confidentiality provides more relevant. This should result in better decisions as to what information is communicated through the various social channels. This is particularly true for accountants since the SEC recently decided to consider corporate disclosures utilizing social media the same as those using more traditional methods.

2) Collaboration is built into the social channels.

Just as social channels can serve as a way to spread the word on an unfortunate event, it also enables greater collaboration outside of the four walls of any office or study space. This is one of the key ways life and work get integrated, particularly with Millennials. If expertise is needed for a given project, there is likely someone in their social network to engage and provide help. If there is a potential challenge with a boss or a co-worker, it is efficient to get advice from individuals within their social network. Collaboration is an innate attribute of social channels.

Yet, strict standards of individual achievement and appropriate testing methods must be maintained to assure integrity in the grading process. The “Cheating Never Pays” message must be clearly understood and rigidly enforced. Particularly with the proliferation of ghost-written and plagiarized term papers, educators must utilize all available software means to allow individual achievement to be measured and evaluated.

3) Security of Information is a Paramount Consideration.

The increasing reliance by organizations on digital means for gathering, analyzing and storing information results in increased risk of loss or theft of data thought to be secure. Legislation has also increased penalties for breaches in security. Accounting students particularly need to focus attention on both physical security and digital security to avoid the risk of considerable financial and reputational losses. Care also needs to be utilized in deciding what types of personal and other information about people should be gathered in the first place. This will minimize the motivations of so-called “whistleblowers” to dramatize and exploit issues of alleged lapses in personal privacy.

4) Presentation Methods May Need Modification

Since childhood, Millennials are exposed early and often to audio-visual educational games and self-paced, web-based training programs, well-considered interactive approaches should be considered. Many educators welcome the instantaneous feedback received from electronic quiz devices, as do Millennials.

To understand the impacts – positive and negative – of actions taken by organizations and individuals. Educational programs need to move away from long, formal presentations and move to interactive approaches. Social and scenario-based training fits with the social mindset of Millennials, but need to be defined and delivered in shorter, more frequent clips. To make points more relevant, real-life scenarios should replace longer case studies and place the Millennial in the middle of the scenario as it unfolds, showing the impact of the decisions made.

Millennials Have Well-Defined Motivations

Millennials want to be engaged in the development of ethics and other programs that affect them. The more engaged they are, the greater their enthusiasm, support and adherence to requirements. When educators include Millennials where appropriate, in determining what and how their educational elements come together, their commitment to educational achievement and ethical conduct is likely to increase.

Trust and transparency are positive traits and important expectation of Millennials. During coverage of ethically-related subjects as well as others, educators should practice and discuss the importance of consistency of words and actions. If Millennials don't see consistency of words and actions, whether it be in professional pronouncements or ethical codes, there will be considerable fallout. Further, even perceived inconsistencies are likely to be widely shared, resulting in loss of reputation and student motivation.

Balance of Work and Life Critically Important

For Millennials, life and work intersect more freely than with previous generations. Social channels enable this free-flow of ideas, expressions, workplace challenges, and other conversations. Although there are more opportunities for collaboration and mentoring and innovation through these channels, educational curriculums need to highlight and discuss what are reasonable boundaries.

Student accountants particularly need to understand the slow pace of change in the profession. The fairly widespread trait of wishing for instant results may make Millennials impatient to recognize what they may perceive as slow career progression. Hence, college is the ideal location to begin to discuss the career expectations of future employers. In addition to setting goal strategies, highlighting ways to measure career success is important, too (e.g., work-life balance, reputation of company, personal development).

Career Mobility and Expectations

The current economy has adversely affected Millennials. Pew Research reported in 2010 that 37% of 18- to 29-year-olds were unemployed or out of the workforce, the highest in more than 30 years. Although this number recently dropped to just under 16%, it doesn't account for those underemployed. Media reports are critical of the number of college graduates who are unable to find employment in their chosen field of education. Economic conditions continue to have a significant impact on this generation. Educators need to work closely with college placement officers to match graduates with appropriate career opportunities.

Younger Workers Want to Help Improve Society

The findings in *Generational Differences in Workplace Ethics* that younger workers are significantly more willing to ignore the presence of misconduct if they think that behavior will help save jobs appears to reflect the higher social consciousness of Millennials and other younger workers. The report's finding that "Willingness to 'let the ends justify the means' seems to have a strong inverse correlation with age" is largely a function of dissatisfaction with the large number of fraudulent and other ethical missteps that seem to be regularly reported in the media. Emphasis on ethical issues in all courses should help dispel attitudes that "all business is corrupt" and enhance understanding on how even small "ends-justified" unethical acts can lead to bigger negative outcomes.

SUMMARY

Generational shifts will continue to happen. There will always be new technologies, new attitudes, and new entrants into the workforce, and ethical standards need to be strengthened and enhanced as changes unfold. Educational programs and delivery methods need to continue to evolve to effectively meet in better ways the challenges of meeting AACSB requirements. Assessing current mindsets and operating environments are critical. Millennials have solid perspectives on the role of trust and social good. With added efforts in how educators approach ethical standards and discussions, there is a great opportunity to raise the level of conduct and trust as this new generation continues to enter the workplace.

**ETHICAL SENSITIVITY EXERCISE
IN FIRST YEAR ACCOUNTING COURSES**

Roger L. Stichter, DBA, CPA
Roger.Stichter@grace.edu

ETHICAL SENSITIVITY EXERCISE IN FIRST YEAR ACCOUNTING COURSES

ABSTRACT

Future accountants need to realize the value of high ethical standards. The first process of Rest's (1986) model of moral behavior is the recognition that an ethical situation exists or being morally sensitive. By assigning short cases in the first year accounting courses at Grace College, this author encourages students to recognize ethical issues, collaborate with another student on the issue, and submit well-written responses to these issues four times during the first year of undergraduate accounting study.

INTRODUCTION

Embarking on doctoral studies challenges candidates in many ways. One of the issues facing this author was rethinking exactly what undergraduate students should learn in each accounting course. The particular doctorate I chose at Anderson University (Indiana) required two specific ethics courses and my dissertation studied ethical sensitivity of accounting majors nearing their final semester(s) of study. The results suggest educators should expose accounting students to as many ethical situations as possible during the student's collegiate studies (Stichter, 2012). This article discusses ethical exposure during the first two accounting courses taken by all students in the School of Business at Grace College (Indiana).

SUPPORTING LITERATURE

The American Institute of Certified Public Accountants (AICPA), the Institute of Management Accountants (IMA), and the International Federation of Accountants (IFAC), the three main professional bodies of accounting in the United States, and the National Association of State Boards of Accountancy (NASBA) all have emphasized the need for accounting ethics. Accounting has an obligation to society similar to the obligation of the law profession and the medical profession (Haas, 2005; Leung & Cooper, 1994). Society has higher ethical expectations for accountants than for the average individual. Bean and Bernardi (2005) argue lack of ethical conduct is the most extreme threat to the accounting profession and this most extreme threat deserves more attention. There has been continuing discussion over many years as to whether ethics can be taught and whether ethics education actually changes pre-established patterns (Bean & Bernardi, 2005; Churchill, 1982; Hildebeitel & Jones, 1991; Howard, 2007; Mayhew & Murphey, 2009).

Rest (1986) developed a model of moral behavior including four processes: moral sensitivity, moral judgment, moral intention, and moral character. Moral sensitivity, an awareness of actions and influence, is essential for proper moral behavior. According to Rest, moral sensitivity is an important ability leading to moral character. Rest suggests moral sensitivity can be situational. A person may be sensitive to a moral dilemma in one situation but insensitive in another.

A growing concern in the accounting profession and accounting education is whether accountants are even able to recognize when an accounting ethical issue is present. Langenderfer and Rockness (1989) insightfully state, “If students are not aware of the many ethical dilemmas they will face while on the job, they are more likely to make a bad or, at least, a poorer decision than if they have had prior discussions relating to how to deal with such situations” (p. 61). Wright, Cullinan, and Blin (1997) also suggest where the ethical component of an issue is less vivid, accountants are not likely to consider the potential consequences to others resulting from their resolution of the issue. Thorne (2000) implied the profession does not think about their ethical dilemmas. These authors all wrote before major ethical failures of accountants caused several companies to collapse in the early 2000s, World Com and Enron being two of the more publicized examples.

Subsequent to these collapses and the resulting outcry of criticism directed to the accounting profession, many researchers wrote articles addressing an aspect of a greater need for accountants to recognize when an ethical issue exists. Business (including accounting) students are graduating without fully understanding their legal and ethical responsibilities to society (Swanson, 2005). There is a declining ethical understanding by students and any ethics taught to accounting students by their families are eroded by the college experience (Bernardi & Bean, 2006). “Most accountants do not realize the extent to which their practice has an ethical dimension – until it is perhaps too late to respond effectively” (Flanagan & Clarke, 2007, p. 489). Bean and Bernardi’s (2007) study shows the more experience accountants have, the more likely they are to detect fraud. While experience is often a good teacher, the accounting profession is held to a higher ethical standard than most of society and for a newer accountant to not readily recognize ethical dilemmas puts society at some risk. Several authors state accounting education needs a focus on the ability to recognize ethical issues that exist (Armstrong, Ketz, & Owsen, 2003; McDonald, 2003; Nellen & Monsour, 2007).

THE ASSIGNMENT

Based on this background, students taking Financial Accounting and the subsequent Managerial Accounting course, the first year of required accounting courses for all students in the School of Business at Grace College, are asked to evaluate several ethical situations. Over the course of the two semesters, students read and evaluate 24 situations, 19 of which have an ethical component and none of which are similar. Previous to this being a separate assignment, some of these short cases were included in the chapter homework assigned for each chapter and completed by each student.

Each semester, twelve short cases are assigned from the first-year financial and managerial accounting text that I use. Using the assigned text for the course saves students the cost of purchasing separate case studies or another ethics text. Students are encouraged to work with one other student in reading, discussing, and completing the write-up on each case. Approximately 75% of all students work with another student for the project. Students submit one write-up for the two-person group. Students have access to the grading rubric (Exhibit 1) through the Grace College learning management software. Grading is based 50% on how the student(s) deals with the situation presented in the case and, because of some student submissions being too brief in the past and, therefore, not adequately discussing the case, all answers must be at least three sentences long to receive full points available. Grading is also based 50% on proper writing style including grammar, spelling, and sentence structure. While requiring at least three sentences adds to the professor’s grading load, the writing style component is difficult to grade if the answers are too short.

Most chapters of the assigned accounting text contain short situations somewhat related to chapter content. Except for perhaps the last chapter of the semester, all chapters have been covered during class before students evaluate the chapter's situation for this assignment. Students first submit a set of five situations approximately half way through the semester. These sets are graded and handed back to students before the second set of seven situations is due near the end of the semester. Students are allowed to choose a different partner for the second set submitted at the end of the semester. Sets submitted past the due date receive a 10% reduction in grade per day late. If working with another student, both students receive the same grade on the assignment no matter the argument(s) to the contrary. The two submissions for each semester constitute four to five percent of the student's overall course grade for each semester.

Assignment Goals

These assignments meet several goals. The *first goal*, and perhaps the main goal, is exposure to potential ethical situations graduates may face in the workplace or even in their personal lives. As Langenderfer and Rockness (1989) state in their quote included previously, students who are aware an ethical situation exists are better able to properly solve the situation. While the two semesters only expose students to 19 ethical situations, these represent 19 situations they might not have recognized upon entering the workplace. My dissertation instrument was pretested on a group of Grace College students who helped me refine the questionnaire. The same survey instrument was used in an Advanced Accounting ethics module the next year. Three of the students in the pretest group were taking the Advanced Accounting course. While the overall recognition rate for all Advanced Accounting students was close to my dissertation average recognition rate, all three of the students who were exposed to the ethical situations in the pretest instrument properly recognized all the ethical situations present the second time they were exposed to the situation tending to confirm that ethical sensitivity is enhanced by previous exposure. While most freshman and sophomore students will probably forget much of the assigned cases in Financial and Managerial Accounting, the hope is they will recall the case situation should they be presented with a similar ethical dilemma later in life.

The *second goal* is to stress to students that there is more to accounting than debits and credits. While this is explained the first day of class when ethical codes of conduct are covered, helping students realize there are numerous ethical situations they may face in the work world enhances their understanding on how important it is for accountants to maintain a high level of ethical behavior. This is important to the personal integrity of the accountant, the company for which she/he works, and for the users of accounting information generated by accountants.

The *third goal* of this exercise is the enhanced learning that often takes place when we collaborate with others. While students have the option of working with another student on these ethical submissions, it is truly hoped most student will take this option. A major benefit for the professor is less papers to grade. But more important is the learning from each other as students talk through the cases and decide on a proper response. Not surprisingly, some answers clearly show the students split the work and probably did not communicate with each other at all during the process. Each student answered their own assigned cases with no interaction or feedback from the other student. But the majority of the submissions show evidence of collaboration between the students with some excellent responses. In our individualistic society, learning that overall results are enhanced when we work with another person or other people is a valuable understanding for young college students.

The *fourth goal* is to encourage attention to detail when writing. As stated earlier, 50% of the overall grade for each submission is based on grammar, spelling, sentence structure, etc. Many of the first submissions in the first semester are weak in writing skills. While there tends to be a more lenient approach to grading the content of the answer, the writing portions of the assignments are graded harshly with much ink left on the page by the professor. Not surprisingly, the second assignment submission for Financial Accounting and the two submission for Managerial Accounting show great improvement in use of the English language. Grading this thoroughly takes much time. But, students need to learn their writing skills are an important indication of their ability to succeed after college and that business writing is important. As may be seen in the grading rubric (Exhibit 1), even answers missing the point of the exercise could receive 80% credit if the answer is a thoughtful and complete answer. The authors' suggested answers to all situations assigned are posted on the learning management system after all students have submitted the assignment or have indicated they are not submitting the assignment. The hope is students will access these suggested answers if the grading indicated they missed the point of the exercise.

Institutional Issues

Grace College has moved from a semester model of undergraduate education where students take five or six courses simultaneously per semester to a "session" model where most student take three courses for eight weeks and a different three courses the next eight week session. Most classes meet two times per week for approximately two and one-half hours per meeting. Therefore, most classes meet 15 times per session. This format has benefits such as being able to cover an entire chapter's worth of material in one sitting instead of approximately three sittings but has a major disadvantage when testing material. Each exam tends to take the entire class meeting (the equivalent of a week's worth of class time under the semester model) meaning less class time to review material or cover miscellaneous topics such as the ethical situations assigned. Under the semester model, answers to cases would be discussed during a review class before the next exam. Under the session model, there doesn't seem to be adequate time to discuss these ethical situations during class.

SUMMARY

Students taking the first year accounting courses at Grace College are assigned several short cases to read, interpret, and submit a written response. Students may work with one other student to complete the assignment. Responses are graded for content and proper use of the English language. The main goal for the assignment is to enhance the student's ethical sensitivity.

This exercise is a valuable learning experience for first year accounting students. Reading, thinking about, discussing with another student, and writing about ethical situations that could happen in the workplace should enhance the student's ability to recognize ethical situations later in life. Most beginning or first-year accounting texts have short ethics cases that can be interpreted accurately by most students. Using the introductory accounting text cases saves students the cost of purchasing a separate text or purchasing cases and seems to achieve good introductory results. Grading this assignment can be tedious. Reading closely enough to find grammatical errors takes more time than just reading for content. But encouraging attention to detail is a good lesson for potential future accountants and worth the grading effort.

REFERENCES

- Armstrong, M.B., Ketz, J. E., & Owsen, D. (2003). Ethics education in accounting: moving toward ethical motivation and ethical behavior. *Journal of Accounting Education*, 21(1), 1-16.
- Bean, D. & Bernardi, R. (2005). Accounting ethics courses: A professional necessity. *The CPA Journal*, 75(12), 64-65.
- Bean, D. & Bernardi, R. (2007). Accounting ethics courses: Do they work? *The CPA Journal*, 77(1), 64-67.
- Bernardi, R. & Bean, D. (2006). Ethics in accounting education: The forgotten stakeholders. *The CPA Journal*, 76(7), 56-57.
- Churchill, L. (1982). The teaching of ethics and moral values in teaching. Some contemporary confusions. *Journal of Higher Education*, 53(3), 296-306.
- Flanagan, J. & Clarke, K. (2007). Beyond a code of professional ethics: A holistic model of ethical decision-making for accountants. *ABACUS*, 43(4), 488-518.
- Haas, A. (2005). Now is the time for ethics in education. *The CPA Journal*, 75(6), 66-68.
- Hiltebeitel, K., & Jones, S. (1991). Initial evidence on the impact of integrating ethics into accounting education. *Issues in Accounting Education*, 6(2), 262-275.
- Howard, J. (2007). Ethics cannot be taught. *The CPA Journal*, 77(4), 15.
- Langenderfer, H. & Rockness, J. (1989). Integrating ethics into the accounting curriculum: Issues, problems, and solutions. *Issues in Accounting Education*, 4(1), 58-69.
- Leung, P. & Cooper, B. (1994). Ethics in accountancy: A classroom experience. *Accounting Education*, 3(1), 19-33.
- Mayhew, B., & Murphy, P. (2009). The impact of ethics education on reporting behavior. *Journal of Business Ethics*, 86(3), 397-416.
- McDonald, M. (2003). Ethical integration. *CGA Magazine*, 37(4), 1-4.
- Nellen, A., & Monsour, E. (2007). Teaching ethics to accounting majors. *The Tax Advisor*, 38(5), 294-296.
- Rest, J. (1986). *Moral development: Advance in research and theory*. New York: Praeger.
- Stichter, R. (2012). The effect of demographics on the ethical sensitivity of accounting students. Unpublished doctoral dissertation. Falls School of Business, Anderson University (Indiana).
- Swanson, D. (2005). Business ethics education at bay: Addressing a crisis of legitimacy. *Issues in Accounting Education*, 20(3), 247-253.
- Thorne, L. (2000). The development of two measures to assess accountants' prescriptive and deliberative moral reasoning. *Behavioral Research in Accounting*, 12, 139-169.
- Warren, C., Reeve, J., & Duchac, J. (2012). *Financial & managerial accounting*, 12th ed. Mason, OH: Cengage.
- Wright, G., Cullinan, C., & Blin, D. (1997). The relationship between an individual's values and perceptions of moral intensity: An empirical study. *Behavioral Research in Accounting*, 9, 26-40.

FINANCIAL ACCOUNTING

Exhibit 1. Grading Rubric for Ethics Sets

Student(s):		Assignment: Ethics Sets		
Intended outcome:	Students will thoughtfully and effectively discuss situations			
Outcomes graded	10	9-8	7-6	5-0
Content: Thoughtful, complete response	Response is thoughtful and complete, not missing the ethical point	Response is missing one element	Response is missing two elements	Response is missing all elements
Outcomes graded	10	9-8	7-6	5-0
Grammar: Grammar, spelling, sentence structure	All commas in correct places, complete sentences, spelling correct, capitalization correct, easy to read, etc.	Good but not better than average	Missing two or more elements	Not acceptable

Exhibit 2. Grading Scorecard for Ethics Sets

Situation	Content	Grammar
SA 1-1		
SA 2-1		
SA 3-1		
SA 4-1		
SA 5-1		
Total		
Total Points Possible		
Percentage		

**INNOVATIVE VERBAL COMMUNICATION WORKSHOP:
FIRST YEAR OF EMPLOYMENT**

Constance A. McKnight (contact author)
University of Central Arkansas
College of Business, 204F
201 Donaghey Avenue
Conway, AR 72035
(501)450-5313
cmcknight@uca.edu

Stephanie F. Watson
University of Central Arkansas
College of Business, 204Q
201 Donaghey Avenue
Conway, AR 72035
(501)450-5317
swatson@uca.edu

INNOVATIVE VERBAL COMMUNICATION WORKSHOP: FIRST YEAR OF EMPLOYMENT

INTRODUCTION

Communication is a central competency that all accounting professionals should possess. According to the AICPA, “individuals entering the accounting profession should have the skills necessary to give and exchange information within a meaningful context and with appropriate delivery.”¹ This workshop is a unique approach to exposing students to verbal communication challenges in their first year of employment while giving them feedback on their own verbal communication skills. The workshop involves four role-playing scenarios and can be implemented in senior-level accounting classes, graduate-level classes, or accounting club meetings.

Accounting educators realize and appreciate the importance of improving communication skills among their students. Faculty members focus on increasing verbal, nonverbal, and written communication skills in a variety of methods, including formal classroom presentations, informal classroom discussions, team projects, and written assignments. Professionals often share their expertise and advice to students on campus, in the field, and through other formal and informal informative channels such as firm websites. With all these efforts to improve needed skills, accounting professionals still call for improvements in the communication skills of those entry-level, recent college graduates.

This workshop provides a distinctive strategy for teaching verbal communication skills. In line with the AICPA’s suggested teaching strategies and classroom techniques that address the core competencies, this workshop involves dramatic role playing. It involves representations of realistic events that may be encountered in the first year of employment, which makes the workshop participants aware of their level of preparedness to handle a variety of situations. Similar to accounting professionals, the students are called upon during the role play to communicate information to individuals in various positions. They must give and exchange information within a meaningful context and with appropriate delivery. Additionally, the students get feedback on their performance, so they have an understanding of what professional accountants think of their communication skills.

The workshop also emphasizes the importance of additional AICPA personal core competencies (professional demeanor, interaction, and problem solving) in addition to the broad business perspective competency of critical thinking. Students are given accountant role-playing scenarios with varying degrees of stress levels and must respond to a professional’s criticism, evaluation, and general comments while utilizing information learned from their accounting classes. Students are called upon to discern the nature of the situation, exchange information in a professional demeanor, and develop a solution to the issue at hand. This calls upon students to demonstrate good insight and judgment while demonstrating objectivity and integrity.

¹ AICPA. Core Competency Framework & Educational Competency Assessment, Personal Competencies.

WORKSHOP DESIGN AND IMPLEMENTATION

This workshop is designed for students to role play real-life accounting. This role-playing workshop can be conducted in about three hours for 16 students. Two professionals are needed for each scenario (eight in total). One serves as the scenario coach. The other professional role plays the scenario (the actor). The scenarios are summarized below in Table 1., and the complete scenarios are shown in Appendix A. These scenarios are written to cover many types of accounting and different stress levels. Each scenario has a challenge that the student may not see coming. The accounting content of the scenarios is simple enough for students to understand, even if they have not taken the related course.

Table 1.

Role Playing Scenarios Summarized				
	<u>Scenario A</u>	<u>Scenario B</u>	<u>Scenario C</u>	<u>Scenario D</u>
Setting	Corporate Accounting	Tax Preparation	Internal Auditing	Auditing
Professional's Role	Warehouse Manager	Tax Client	Internal Audit Director	Client CFO
Student's Role	Corporate accountant	Tax Preparer	Internal Audit Staff	Auditor
Challenge	Student gets bad news about ability to complete a task.	Student has to give bad news about taxes.	Student has to tell supervisor that s/he can't complete task as scheduled.	Student encounters a client who doesn't have time for him/her.
Intended Stress Level	Low	Medium-Low	Medium-High	High

Students should arrive at the workshop knowing the general topic of communication, but not know specifics about the event. Apprehension about role-playing may make some students decline to participate. Each student will role-play in all four scenarios. The students stay in a common room, while the four actors are in smaller conference rooms or offices. The professionals will role-play the same scenario with each of the 16 students.

The scenario coaches are provided an ordered list of students (see Appendix B). Going down the list, the coaches each call one student from the common room and provide them with a copy of the scenario they are to act out (exact text provided in Appendix A). The assistant and the student sit outside the office of the professional for about four to five minutes while the student reviews their task (via the handout). The student may ask the coach questions, but the coach cannot give them any tips on what to expect or what to say while role-playing. For example, before Scenario B, giving bad tax news to a client, the coach may clarify the tax rules at issue but not how tell the client the news.

The student is then called into the professional’s office to act out the scenario. It takes about two to four minutes for each scenario. When the student is done, s/he returns to the common room to wait to get called for the next scenario. The professional then takes a minute to complete the evaluation card, (Table 2.), which is designed to be filled out quickly. The evaluation card is held by the professional and is not returned to the student.

Table 2.

Evaluation Card					
Student Name	Not at All	Poorly Done	OK but Needs Improvement	Acceptable but Needs Refinement	Outstanding
Introduction & Handshake					
Communication of Message					
Presence (Volume, Self Confidence, Posture)					
Tone & Respectfulness					
Sentence Structure & Grammar					
Eye Contact					
Conclusion & Exit					
Additional written comments:					

While one student is role playing, another student should be preparing with the scenario coach waiting for his/her turn. Students who are not preparing or role playing should congregate in a common meeting room (having fun but not discussing details). This rotation will allow 16 students to role play two of the four scenarios in about one hour.

After each student participates in two scenarios (in random order), everyone gathers back in the common room for the professionals to discuss some of the common communication mistakes they have seen (e.g., bad handshakes, frequent apologies, poor eye contact) and give general tips for improvement.

Then the students should complete the remaining two scenarios. To wrap up the workshop, everyone meets in the common room again. The professionals talk specifically about the best way to have handled the student’s role in each scenario, give any final advice on communications, and answer questions. In the following days, the results of the evaluations are summarized by a faculty member and returned to the students.

The role-playing can be implemented in the classroom or as a stand-alone workshop. Based on the scenarios and the feedback from the professionals, students will be introduced to the verbal communication demands of accountants and the skills needed in their first year of employment. The students will be aware of the impact their personal communication skills have on how others perceive their capabilities and be encouraged to make improvements where needed.

EVIDENCE OF EFFICACY

This workshop was developed by the coauthors and the members of the Theta Lambda Chapter of Beta Alpha Psi. As challenged by the 2013 Best Practices in Innovation (to develop skills of its members), one chapter member said that through her internship, she was aware of the criticisms by professionals about the ability of new hires to communicate verbally with clients and coworkers. From that idea, this workshop was developed. The workshop went on to win the 2013 Southwest Regional Best Practices in Innovation Award and later earned third place at the annual Beta Alpha Psi meeting.

Professionals who volunteered and participated in the workshop were pleased with the workshop. They noted that the scenarios were realistic and that this workshop was invaluable in developing the communication skills needed the first year of employment. The workshop has been implemented during an accounting organization meeting and during a three hour accounting class.

In a follow-up survey (completed after having participated in all four scenarios), students responded to some statements about the workshop using a four-point Likert scale (1=strongly agree to 4=strongly disagree). The questions and responses are summarized below in Table 3. The scores, all very close to 1, indicate that the students appreciated the realism of the scenarios and learned something about themselves and their chosen career.

Table 3.

Follow-up Questions	
<u>Statement</u>	<u>Mean Score</u>
This workshop helped me understand my weaknesses.	1.21
This workshop helped me improve strengths.	1.29
This workshop helped me know what to expect.	1.00
The weighing wire scenario was realistic (Scenario A; corporate accounting).	1.25
The tax client scenario was realistic (Scenario B).	1.04
The internal audit scenario was realistic (Scenario C).	1.17
The audit client scenario was realistic (Scenario D).	1.08
I gained something from the workshop.	1.00

We also asked the students to rank the stress levels of the four scenarios in Table 4. The intended stress levels (rankings) are shown the table below as 1 for highest stress and 4 for lowest stress. The students' ranking of stress (based on mean ranking scores) is also shown. The only difference in intended and perceived stress level was between the two lower stress scenarios (A and B); where Scenario A was intended to be the lowest stress, students perceived Scenario B to be lowest stress.

Table 4.

Stress Ranking of Scenarios

Scenario and Challenge	Intended Stress Ranking	Perceived Stress Ranking
(A) Student gets bad news about ability to complete a task.	4	3 (2.96)
(B) Student has to give bad news about taxes.	3	4 (3.29)
(C) Student has to tell supervisor that s/he can't complete task as scheduled.	2	2 (2.25)
(D) Student encounters a client who doesn't have time for him/her.	1	1 (1.50)

It is not possible to compare a student's performance among the four scenarios because evaluations were made by each individual professional and some judged harder than others. Additionally, four different professionals were used each time we conducted this workshop adding in other uncontrollable variables for overall comparison. However, the students were able to compare their mean scores from the professionals to their self evaluation to discover the areas that need improvement in the opinion of the professionals. Some students also discovered that they were stronger in areas in which they rated themselves low.

REFERENCES

AICPA. Core Competency Framework & Educational Competency Assessment
<http://www.aicpa.org/interestareas/accountingeducation/resources/pages/corecompetency.aspx>

APPENDIX A

The four scenarios are presented in this appendix. Each scenario has information for the student and additional information for the professional (the actor).

Scenario A: Corporate Accounting

In this scenario, an industry accountant (the student) must reschedule an inventory count with a plant manager (the professional) due to weather conditions. This scenario in Table 5. is designed to be a low stress level situation.

Table 5.

Student Information
<p><u>Scenario</u> You work in the general accounting department at a company that manufactures wire. As the year end approaches, you are responsible for taking a physical inventory count and assigning a dollar value to it. There are three factories at your company, and you have been sent to the Michigan facility.</p>
<p><u>Product Information</u> Wire is stored and sold on giant spools. You can count the number of spools, but you can't tell how much wire is on a spool without weighing it. Metals like copper are priced by the ounce or pound. For safety reasons, only certified forklift drivers can transport the spools to the scales and back. You are not certified.</p>
<p><u>The Issue</u> You have just arrived at the Michigan facility at the exact time you were expected, 4:30 p.m. on Wednesday. The weather reports are predicting snow. Your return flight is scheduled for Friday morning, but you are pretty confident that you can reschedule if weather is an issue.</p>
<p><u>Your Role</u> You are about to meet with the facility manager, Sam Willis, to meet the forklift drivers who will be assisting you. He told you weeks ago when you scheduled the visit that he would get a couple of forklift operators to stay late for overtime pay to help you with your count.</p>
<p style="text-align: center;">Professional Information (not to be seen by the students)</p>
<p><u>Stress Level for Student</u> The four scenarios have varying levels of stress or discomfort (1=no stress; 4=high stress). This situation is a 1. It should include almost no stress or discomfort.</p>
<p><u>What You will Say</u> You have to inform the accountant (student) that because of the threat of snow, all forklift drivers have gone home already. After that, you may handle your role as a facility manager any way you choose. Taking your cues from the student, it may be different each time. Feel free to ask them to repeat anything back to you for clarification. The purpose of this scenario is for the accountant to work through a problem with you. There should not be any anger, but every student is different and will react differently. Feel free to interject any made up weather reports.</p>
<p><u>Timing</u> We expect this conversation to be 2-4 minutes long, after which you will let the student off the hook.</p>
<p><u>Evaluation</u> Upon arrival, each student will provide you with a personal identification sticker. Place that on the top of the evaluation card and complete the evaluation.</p>

Scenario B: Tax Accounting

In this scenario in Table 6., a tax accountant (the student) must give a tax client (the professional) some bad news. A deductible is a lower dollar amount than previously anticipated by the client. This is a low to medium stress level situation; the client will not be pleased.

Table 6.

Student Information
<p><u>Scenario</u> You work in the tax department of a small accounting firm.</p>
<p><u>Client Information</u> Your client is Cale Turner. He is single. You are preparing his personal income tax return for the year. You are completely done with the return expect for one item. During the year, the client bought a new car and donated his old car to a local not-for-profit. The donated car was previously purchased used (not new) by the client four years ago for \$5,000. The client wants to deduct \$5,000 as a charitable contribution.</p>
<p><u>The Issue</u> The car was worth \$400 at the time of the donation. According to IRS Publication 526, Charitable Contributions (Contributions of Property), if you contribute property to a qualified organization, the amount of your charitable contribution is generally the fair market value of the property at the time of the contribution.</p>
<p><u>Your Role</u> You are about to meet with the client, Cale Turner, to tell him the bad news.</p>
<p style="text-align: center;">Professional Information (not to be seen by the students)</p>
<p><u>Stress Level for Student</u> The four scenarios have varying levels of stress or discomfort (1=no stress; 4=high stress). This situation is a 2. It should include a very small amount of stress or discomfort.</p>
<p><u>What You will Say</u> You can ask for clarification or be angry, but not at the tax preparer (student). Feel free to ask them to repeat anything back to you for clarification.</p>
<p><u>Timing</u> We expect this conversation to be 2-4 minutes long, after which you will let the student off the hook.</p>
<p><u>Evaluation</u> Upon arrival, each student will provide you with a personal identification sticker. Place that on the top of the evaluation card and complete the evaluation.</p>

Scenario C: Internal Auditing

In this situation in Table 7., a staff internal auditor (the student) must inform the internal auditor department head (the professional) that a task deadline will not be met. This is a medium to high stress level situation since the manager will react negatively to the news.

Table 7.

Student Information
<p><u>Scenario</u> You work in the internal audit department of a mid-size public university. This year, because of a scandal that happened at another university, the Director of Internal Audit, Sarah Norris, has decided that the internal audit department will make a physical observation of all the fixed assets owned by the university (including computers, copiers, furniture, vehicles, etc.).</p> <p><u>The Original Task and Progress to Date</u> There are 112 departments and over 1000 fixed assets. You must observe each one. You were given a period of two weeks to complete this task. You have observed 99 departments and have identified a total of 18 assets that are on the asset list but are unaccounted for, or missing.</p> <p><u>The Issue</u> Today is the last day of your two week deadline. There is not enough time to finish the task. You had trouble getting some of the department heads to make time for you. There are others you haven't even contacted yet. There is no way you can complete this task by the deadline.</p> <p><u>Your Role</u> You must inform the Director of Internal Audit, Sarah Norris, that you will not meet your deadline. You need more time.</p>
Professional Information (not to be seen by the students)
<p><u>Stress Level for Student</u> The four scenarios have varying levels of stress or discomfort (1=no stress; 4=high stress). This situation is a 3. It should include a moderate amount of stress or discomfort.</p> <p><u>What You will Say</u> You should be upset about this. Some comments you may want to include are</p> <ul style="list-style-type: none">• Why am I just hearing about this now?• Why is it taking so long?• This is a straight forward task.• We cannot afford to give up more of our department's audit time on this job. <p>Feel free to ask them to repeat anything back to you for clarification. Beyond that, you may handle your role as the Director of Internal Audit any way you choose. Taking your cues from the student, it may be different each time. Eventually, you will have to agree to more time or to cut the job short. A possible compromise would be to insist that the departments that are evasive must be checked, and the rest can be forgotten.</p> <p><u>Timing</u> We expect this conversation to be 2-4 minutes long, after which you will let the student off the hook.</p> <p><u>Evaluation</u> Upon arrival, each student will provide you with a personal identification sticker. Place that on the top of the evaluation card and complete the evaluation.</p>

Scenario D: External Auditing

In this situation in Table 8., a staff auditor (the student) must discuss and document internal controls over cash with an irritable corporate controller (the professional). This is a high stress level situation; the client is very uncooperative and unhappy with the audit.

Table 8.

Student Information
<p><u>Scenario</u> You are a member of the team auditing a public utility company that provides cable television and internet services to the public. This is your first year on the audit, but your firm has been auditing this client for five years.</p>
<p><u>Client Information</u> The company receives payments for services through a lockbox. A lockbox is a post office box that is accessible by a bank. The company's customers send their payments to the post office box. Then the bank collects and processes these payments directly, depositing the money directly to the company's account.</p>
<p><u>The Issue</u> You have been assigned the task of documenting internal controls over cash payments with the client's controller.</p>
<p><u>Your Role</u> You are about to meet with the company controller, Pattie Weed, to ask her to describe the controls. There are two acceptable outcomes of this meeting: 1) Pattie can describe the controls to you now so you can document the controls, or 2) Pattie can schedule a time to meet with you later today or tomorrow. Any other outcome (e.g., a meeting later in the week or Pattie's refusal to discuss controls with you at all) is unacceptable.</p>
Professional Information (not to be seen by the students)
<p><u>Stress Level for Student</u> The four scenarios have varying levels of stress or discomfort (1=no stress; 4=high stress). This situation is a 4. It should make the student uncomfortable.</p>
<p><u>What You will Say</u> You should be upset about this, as you believe it is a waste of your time. Some comments you may want to include are</p> <ul style="list-style-type: none">• I am sick of being the one to train the new auditors each year!• Do you even know what you are talking about?• I went over this last year with a new auditor. Doesn't the firm write this stuff down somewhere? <p>Feel free to ask them to repeat anything back to you for clarification. Beyond that, you may hand your role as the controller in any way you choose. Taking cues from the student, it may be different each time.</p>
<p><u>Timing</u> We expect this conversation to be 2-4 minutes long, after which you will let the student off the hook.</p>
<p><u>Evaluation</u> Upon arrival, each student will provide you with a personal identification sticker. Place that on the top of the evaluation card and complete the evaluation.</p>

APPENDIX B

This appendix, (Table 9.), provides a sample student list that ensures that students perform two scenarios before the break and two scenarios after the break. The coaches are encouraged to follow the order of the list. To keep things moving, if one student is not available, they go to the next student on the list. However, they should not call after-break students before the break.

Table 9.

Scenario A	Scenario B	Scenario C	Scenario D
Student 1	Student 13	Student 9	Student 5
Student 2	Student 14	Student 10	Student 6
Student 3	Student 15	Student 11	Student 7
Student 4	Student 16	Student 12	Student 8
Student 5	Student 1	Student 13	Student 9
Student 6	Student 2	Student 14	Student 10
Student 7	Student 3	Student 15	Student 11
Student 8	Student 4	Student 16	Student 12
Meet in the common room (Half Way Point)			
Student 9	Student 5	Student 1	Student 13
Student 10	Student 6	Student 2	Student 14
Student 11	Student 7	Student 3	Student 15
Student 12	Student 8	Student 4	Student 16
Student 13	Student 9	Student 5	Student 1
Student 14	Student 10	Student 6	Student 2
Student 15	Student 11	Student 7	Student 3
Student 16	Student 12	Student 8	Student 4
Meet in common room (Wrap up and end)			

**ENTREPRENEURS NEED ACCOUNTING TOO: THE CASE
FOR INCLUDING FINANCIAL AND MANAGERIAL
ACCOUNTING IN AN ENTREPRENEURSHIP CURRICULUM**

John W. McKinley, JD, LL.M., CPA, CGMA
Lecturer – Accounting & Taxation (Cornell University)
Adjunct Lecturer – Auditing & Taxation (Ithaca College)
jmckinley@ithaca.edu; jwm336@cornell.edu

Robert J. Ellis
Visiting Assistant Professor – Finance (Ithaca College)
rellis@fasttrackadvisorsllc.com

ENTREPRENEURS NEED ACCOUNTING TOO: THE CASE FOR INCLUDING FINANCIAL AND MANAGERIAL ACCOUNTING IN AN ENTREPRENEURSHIP CURRICULUM

INTRODUCTION

It used to be a standing joke among many business students: “Why should I learn accounting; I can always hire someone to handle that for me!” Currently, higher education, inside and outside the realms of business schools, is in the throws of a love affair with entrepreneurship, and we are again hearing that old saw from the students. However, if it was a faulty argument years ago for marketing and finance students, it is doubly-wrong for entrepreneurship students. Entrepreneurs need accounting knowledge and understanding more than any other non-accounting major.

THE NATION EMBRACES ENTREPRENEURSHIP

Over the past decade, the United States has looked towards entrepreneurship as a solution to a variety of problems, including unemployment, growth and innovation. Many American residents will start a business or organization over their lifetime.¹ While the popular press often focuses on the failure rate of these new ventures, the amazing fact is that many will survive, some will grow and prosper, and a small percentage will become organizations of a sufficient scale to hire a lot of employees and add meaningfully to the economy. As such, the desire of government to foster entrepreneurship on the part of the citizenry is not misplaced, even though the targeted incentives governments use to foster entrepreneurship may be faulty.

HIGHER EDUCATION'S RESULTANT LOVE AFFAIR WITH ENTREPRENEURSHIP

While the government reviews regulations and devises incentives to foster entrepreneurship, the business education industry has also taken notice. Over the last decade, hundreds of new entrepreneurship programs have sprung up in business schools, liberal arts colleges and community colleges.² Unfortunately, in most cases, these new entrepreneurship programs have focused on the superficial aspects of entrepreneurship, such as innovation and creativity, while avoiding the basic skills that will help the future entrepreneur to succeed in creating a viable business or organization.

¹ 30% of American residents have started businesses, with an additional 31% considering starting a business. These statistics do not include not-for-profit organizations. *Westlaw*, March 23, 2009

² St. Louis University identifies 224 college and university entrepreneurship programs. Based on the authors'

² St. Louis University identifies 224 college and university entrepreneurship programs. Based on the authors' experiences in higher education in the Central New York Region, that number is probably understated by at least 100%.

Teaching entrepreneurship means developing the skills in students to build sustainable enterprises. Programs that focus on the next cool phone app or software development are product-development programs; there is no emphasis on the underlying enterprise. The skills that make an existing organization grow and succeed are the very skills that are required for the new entrepreneurial venture to move from idea to sustainable enterprise. A strong entrepreneurship program must include the basics in strategy, marketing, finance, organizational behavior, and of course, accounting.

Many entrepreneurs, in their inability to understand financial and managerial accounting, potentially doom themselves when undertaking their new venture. In creating a business plan, many entrepreneurs fail to properly develop the financial projections that will determine investors' and bankers interest in participating in the venture. Most new start-ups fail not because of poor innovation and creativity of the proprietor's ideas, but due to failure to properly develop a company's revenue projections and costs, which therein identify the appropriate capitalization necessary to succeed.

TEACHING ENTREPRENEURSHIP

There seems to be two categories of entrepreneurship education out there among higher education institutions. The majority focuses on the exciting but superficial aspect of doing something new; it is a much smaller proportion of entrepreneurship programs that focus on building the sustainable enterprise. Successful entrepreneurship programs require accounting education and understanding to build that sustainable enterprise. How does an entrepreneur create a business plan and develop a viable corporate strategy without understanding financial and managerial accounting?

Conversely, many accounting programs do not focus on entrepreneurship as part of their core curriculum. Most financial and managerial accounting classes are not designed with the entrepreneurship major in mind. The majority of accounting students usually have an option to take entrepreneurship, or small business management, as a business elective; however, accounting majors are usually not required to take either. One resulting question then becomes "How does an accountant perform any type of assurance or tax services if they do not understand the entrepreneur's vision?" That vision must be explicit in GAAP terms.

Accounting and entrepreneurship instructors must each integrate the other's topics into their coursework. Once the accountant understands the organization's strategy and vision, the optimal academic scenario is to incorporate a class, or two, that combines students from both an accounting and entrepreneurship background in a course on start-up ventures. As a result, these two diverse majors can see how the other functions and get used to working together. It is very important that neither the entrepreneurial student, nor the business program, draw artificial boundaries between their discipline and that of the rest of the business curriculum.

THE FOCUS ON BUSINESS PLANS

Much of the focus of entrepreneurship courses is the transition of tentative idea to viable business plan. Students are taught to build business plans through a methodology that is fairly consistent across institutions:

1. Executive summary
2. Product or service description
3. Customer, marketing and pricing analysis
4. Competitive analysis
5. Legal structure
6. Organizational structure
7. Capital investments needed
8. Working capital needed
9. Pro forma financial statements

Two things become readily apparent to students as they prepare their business plans: they don't have enough spare resources to hire professional accounting support, at least initially, and they need to develop pro forma financials as part of the business plan.

Without basic financial accounting skills, how do students have the ability or knowledge to prepare the income statement, balance sheet, and statement of cash flows on a pro forma basis? These pro formas tell the story of the business idea in numbers, and investment professionals usually turn to the pro forma financial statements in the business plan immediately after reading the Executive Summary.

THE ROLE OF TAXATION FOR ENTREPRENEURS

One of the major reasons most start-ups fail to optimize their maximum potential and endanger their new venture is due to the owner's lack of understanding of the intricacies of the U.S. tax system. The Federal government, through the Internal Revenue Code, dictates how income and payroll will be taxed. Also, state and local governments, with a few exceptions, determine how income, sales, and *ad valorem* (i.e., property) transactions will be taxed by the jurisdiction in which the entity resides or conducts business. Many entrepreneurs fail to understand, especially with respect to payroll and sales taxes, is that the owner acts as a fiduciary responsible for those taxes. For example, if sales and or payroll taxes are not remitted to the appropriate government agency, then the fiduciary (i.e., the business owner) is held personally liable. Without a basic understanding of the various tax systems throughout the U.S., even the best financial and managerial plans of any entrepreneur can become fatally derailed.

SELECTING THE CORRECT BUSINESS ORGANIZATION

Starting a business is always a risky venture. Creating an entity to complement your business strategy is a difficult task for any entrepreneur. Which entity is best for an owner's needs? Entrepreneurs need to look at issues of liability, and also from a business, accounting, or tax perspective. Is it best to form a corporation, LLC, Subchapter S corporation, partnership, or sole proprietorship? Understanding business organizations is just as important as understanding financial and managerial accounting. Therefore, when designing an accounting class for entrepreneurs and accountants, is it best to include a component that identifies the virtues of different entities depending on the entrepreneur's specific tax and liability situation.

GENERAL LEDGER SOFTWARE

Entrepreneurs may rely on their accountant for advice on important technological tools. One of these tools, which is required early in the new ventures life, is the software package to use in accounting for the organization's transactions. It is important for an entrepreneur to understand the nature and purpose of their accounting software package. The major two providers of accounting software packages for small and start-up enterprises are QuickBooks and Peachtree. Firms in a specialized industry may need some specially-designed software package.

UNDERSTANDING AND EVALUATING RESULTS OF THE NEW VENTURE

We have already discussed how important financial accounting is in developing the pro formas in the business plan, however; accounting is primarily a reporting and tracking methodology. The actual results of the entrepreneur's venture will need to be reported in a GAAP-compliant manner.

THE ROLE OF MANAGERIAL ACCOUNTING IN MANAGING A SMALL START-UP

Some educators ask, "Is financial accounting sufficient for the entrepreneur?" We have already represented that, in addition to a basic understanding of financial accounting, especially how the three financial statements are related, an entrepreneur needs a cursory understanding of taxation.

We would also like to posit that a basic understanding of managerial accounting is also necessary for the budding entrepreneur. Whether the initial offering is a product or a service, the entrepreneur needs to understand his or her cost structure in order to compete effectively and profit.

CONCLUSION

Students learning to be entrepreneurs, whether in college for the first time, or returning to college after beginning a career or being in the military, need basic accounting skills. These skills can only be obtained through college-level course work in accounting. While most of these students will never sit for the CPA exam, the success of their new ventures rides on their ability to correctly describe their business and evaluate its performance using traditional accounting methods.

**WILL I PASS THE CPA EXAM? THE RELATIONSHIP
BETWEEN INDIVIDUALS' CHARACTERISTICS AND
EXPERIENCES, AND PASSING THE CPA EXAM**

Hughlene A. Burton, Ph.D.
Associate Professor
University of North Carolina at Charlotte
haburton@uncc.edu

Brian Daugherty, Ph.D., CPA
Associate Professor
University of Wisconsin - Milwaukee
daughert@uwm.edu

Denise Dickins, Ph.D., CPA, CIA*
Associate Professor
East Carolina University
dickinsd@ecu.edu

Dan Schisler, Ph.D., CPA
Professor
East Carolina University
schislerd@ecu.edu

* Corresponding author

WILL I PASS THE CPA EXAM? THE RELATIONSHIP BETWEEN INDIVIDUALS' CHARACTERISTICS AND EXPERIENCES, AND PASSING THE CPA EXAM

INTRODUCTION

Newly-employed graduates in public accounting careers report that passing the CPA exam is essential to their overall career success (Fischer & Daugherty 2007), but in spite of this heightened importance, most CPA exam candidates fail to successfully complete all four exam sections in a single year. For 2012, the AICPA reported cumulative pass rates of approximately 47% for the Auditing section of the exam, 53% for the Business & Economic section, 48% for the Financial Accounting & Reporting (FAR) section, and 48% for the Regulation section (which includes tax and business law) (available at: <http://www.aicpa.org/becomeacpa/cpaexam/psychometricsandscoreing/passingrates/downloadabledocuments/passrates2012.pdf>). Understanding the characteristics and experiences that may influence an individual's likelihood of timely, successful completion of the CPA exam may be helpful to students in beginning accounting classes who have yet to declare a major, and to accounting majors as they determine their areas of concentration (tax or audit) and the direction of their careers.

Not surprisingly, general intelligence (measured as scores on standard aptitude tests, grade point average, etc.) has been found to be highly correlated with CPA exam pass rates (e.g., Dunn & Hall 1984; Leathers et al. 1984). What is less well understood is the impact of individuals' other characteristics and experiences on successful exam completion. In this article, we share insights gained about these relationships from a study of the CPA exam attempts of 52 students at three universities over a two-year, post-graduation period.

One of the characteristics we investigate is personality type. We employ a well-validated personality assessment which the developer, Insights (insights.com) suggests differs from the more-familiar, Myers-Briggs Type Indicator (MBTI) personality test in its use of concise, business-oriented classifications. Importantly, a quick, overall personality profile is available at no cost on the Insight's website homepage (<https://www.insights.com> - Discover yourself with colour!) that can be used as part of an assignment or class discussion about accountants. The study's results are presented in a manner that can be easily understood by individuals without a strong statistical background.

CHARACTERISTICS AND EXPERIENCES

Beyond general intelligence, there exists a myriad of potential characteristics and experiences which may or may not influence successful CPA exam completion. We selected five characteristics/experiences for investigation based upon each having either some theoretical basis for association with an individual's ability to pass the CPA exam, or having a documented, but inconclusive association. These are: personality type, preferred discipline (tax or audit), public accounting work experience, age, and gender, each of which is briefly discussed.

Personality type – Results of Jungian-based personality tests like the MBTI and the Insights Discovery Personal Profile (IDPP) have firmly established that accountants tend to be of a common personality type (e.g., Swain & Olsen 2012). Results using the MBTI suggest accountants tend towards the *Sensing-Thinking-Judging (STJ)* personality type. That is, they see the world as made up of data or facts, are logical, and are decision-makers, preferring closure to a range of possibilities. Similarly, using the IDPP, accountants tend to be classified as *Cool Blue* personality types, suggesting they tend to be cautious, deliberate, analytical, questioning, precise, and are motivated by orderliness and correct processes (Burton et al. 2012). For a more detailed description of the IDPP personality color profiles and to gain a quick insight on your own individual personality type, go to Insights.com.

Since attention to detail, deliberate process, and similar factors tend to improve test scores, and these factors are more closely related to some personality types than others, it is possible that personality type influences an individual's ability to pass the CPA exam. However, since during any single reporting period, only approximately one-half of accountants successfully complete individual parts of the CPA exam, it is also possible that the typical *STJ* or *Cool Blue* personality type of those choosing accounting careers may not be a strong predictor of exam success.

Preferred discipline – Of the CPA exam's four parts, two (Auditing and FAR) may be more closely associated with auditing, than with tax, suggesting that an individual's preferred discipline may influence CPA exam pass rates. Although accountants tend toward the *Cool Blue* personality type, perhaps not surprisingly, at least one study found that the personality types of audit and tax professionals somewhat differ using the IDPP (Burton et al. 2012). While still displaying dominant *Cool Blue* personality types, tax professionals scored more highly than auditors on the IDPP's *Sunshine Yellow* personality classification, suggesting they may be more highly motivated by social affinity and flexibility.

Public accounting work experience – The CPA exam may be more a measure of theoretical accounting, than of practical accounting. As such, it may be that practice, in either public accounting or in industry, has no impact (or decreases – particularly as time passes) on an individual's ability to pass the CPA exam. The results of prior research suggest knowledge gained from work experience is offset by a loss of knowledge acquired in college, and diminished test-taking ability (Dunn & Hall 1984).

On the other hand, the emphasis placed on passing the CPA exam may be greater for individuals in public accounting, than for their counterparts in industry. Based on recent discussions with seven of the largest eight U.S. accounting firms, all reward passing the CPA exam with a bonus, reimburse the cost of certain CPA exam study materials and programs, and require passing the CPA exam as a prerequisite to being promoted to the "manager" level within the organization. For at least three firms, the amount of the award for passing the CPA exam decreases in year two, and is eliminated in year three, providing incentive to complete all four parts as soon as possible. These reward mechanisms suggest working in public accounting may positively influence an individual's motivation to pass the CPA exam.

Age – The CPA exam is a timed test, and test-taking speed generally declines with age (Craik & Salthouse 2000). Some have provided evidence that younger candidates of the Certified Internal Auditor exam perform better than older candidates (Klass & Sumners 1994). In contrast, others have found that age and CPA exam success are unrelated, or may be positively related (Brahmasrene & Whitten 2001; Dunn & Hall 1984).

Gender – To the extent that the CPA exam measures mathematical ability, prior evidence suggests that men may score more highly than women (Niederle & Vesterlund 2010) and there is some evidence supportive of this premise specific to CPA exam pass rates (Brahmasrene & Whitten 2001). In addition, men and women have been found to tend toward different personality types (Burton et al. 2012) which, as previously discussed, may influence exam success.

THE STUDY

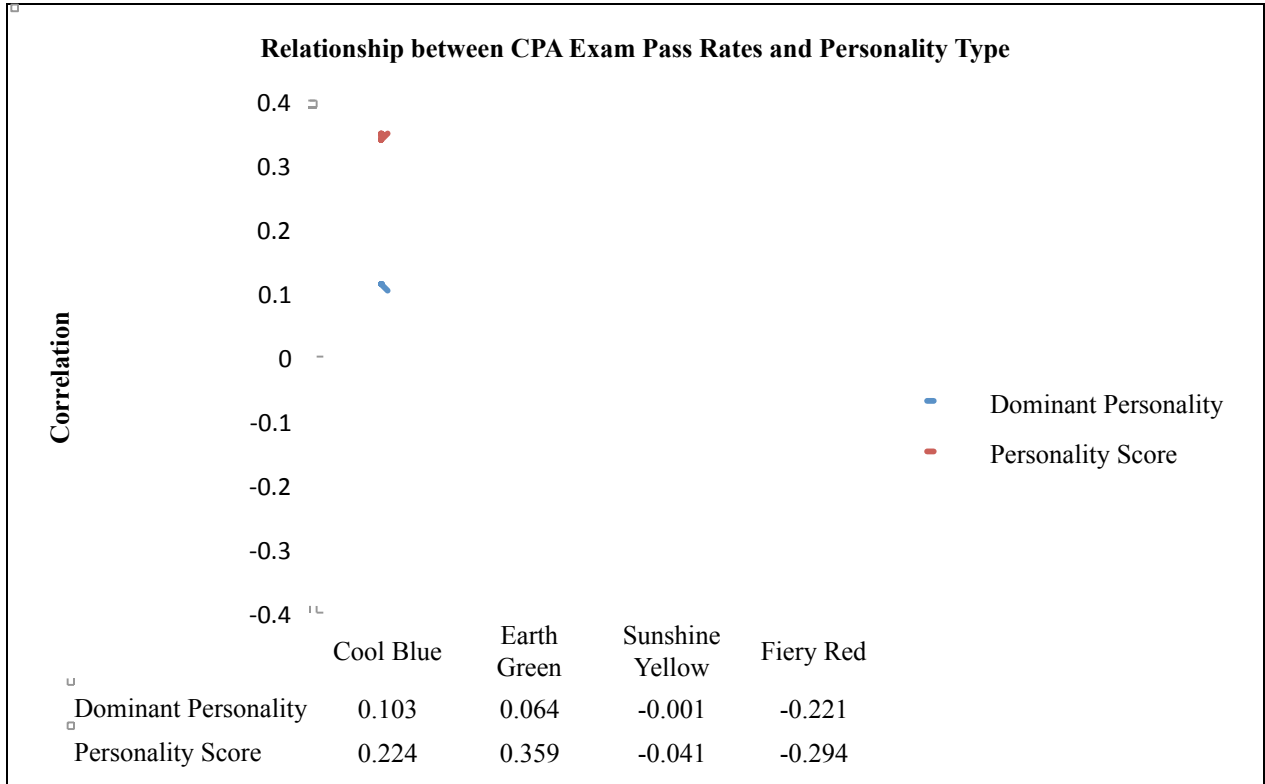
While in the final year of their respective graduate programs at three different universities (two East coast-based, and one Midwest-based), a total of 69 students completed the IDPP, answered questions about their post-graduate plans and discipline preferences, and provided certain demographic data. Participants were promised \$50 in exchange for completing annual follow-up questionnaires. Two follow-up questionnaires, completed at approximately one-year post-graduate intervals, were completed by 52 of the participants who chose to remain in the study. Within one year of graduation, only 16 percent of the 52 participants had passed all four parts of the CPA exam. After two years, 54 percent had successfully completed all four parts of the exam.

Approximately 61 percent of the participants were classified as dominant-*Cool Blue* personality type, and 60 percent reported preferring auditing over tax. Most (56 percent) were employed in public accounting, all were under age 30, and 58 percent were men. Some differences among the participants were evident based upon their university affiliation. For example, participants at one of the universities were more likely to have passed the CPA exam, and generally had higher GPAs. We attribute such differences to variation among the universities in admission requirements (e.g., GPA and GMAT scores), program content, and geography. The study's results described in this article consider (i.e., control for) these differences.

Correlating successful completion of the CPA exam within two years of graduation and each of the five characteristics/experiences, confirms several of our predictions. That is, they suggest statistically significant relationships using the criteria that there is a less than five percent chance that the observed difference is merely random (i.e., probability or p -value < 0.05).

Not surprisingly – individuals with higher GPAs are more likely to pass (correlation of 0.361), as are those preferring audit over tax (correlation of 0.339). Interestingly, working in public accounting may be the most predictive of exam success of any of the five characteristics/experiences we studied (correlation of 0.478). Age and gender are unrelated to exam success (correlations of 0.051 and 0.066, respectively) in our study. Lastly, as depicted in Table 1, personality type also appears to be related to successful completion of the CPA exam, in a somewhat unexpected manner.

TABLE 1.



These data suggests individuals’ dominant personalities and passing the CPA exam are unrelated, but individuals’ personality scores for each color classification may be. Specifically, individuals with higher *Earth Green* scores may be more likely to pass the CPA exam on a timely basis, while individuals with high *Fiery Red* scores may be less likely to pass. In general, *Earth Green* personalities possess traits of patience, regularity, and reflection, which may contribute to higher pass rates; while *Fiery Red* personalities are more likely to be strong-willed, fast and decisive, and motivated by rapid process, which may limit one’s ability to pass the CPA exam. Being classified as a *Cool Blue* personality – more-typical of accountants and the study’s participants (61 percent) does not meaningfully contribute to successful completion of the exam.

It is likely that an individual’s characteristics and experiences are correlated (i.e., interact) with one another. In other words, individuals with higher GPAs may be more likely to choose public accounting careers; or, as previously discussed, it may be that certain personality types are more likely to prefer tax over auditing. It may also be that the strength of the relationship between certain characteristics and experiences may be less when considered in the presence of other characteristics and experiences. In other words, in terms of passing the CPA exam, the importance of being of the *Earth Green* personality type may be off-set by the importance of general intelligence. Regression analysis helps to determine the true impact of these characteristics and experiences.

Results of regression analyses (not tabulated) suggest that when each of the characteristics/experiences are represented as part of a single model, general intelligence, working in public accounting, and preferring audit are influential predictors of whether individuals will pass the CPA exam, while being of the *Fiery Red* personality type (dominant or high score) is an indicator that an individual will be *less* likely to pass the exam. The significance of being of an *Earth Green* personality type is reduced when included in the model, and is no longer a statistically significant indicator of exam success.

SUMMARY AND IMPLICATIONS

We found that, beyond general intelligence, important predictors of whether an individual will be able to successfully complete all four parts of the CPA exam on a timely basis include being of a certain personality type, working in public accounting, and preferring the audit discipline over tax.

It is likely that incentives (reimbursements and bonuses) and penalties (prohibiting promotion without passing) offered by many public accounting firms contribute to the association between public accounting work experience and passing the exam. Weighting of CPA exam topics may make it somewhat more likely for those preferring audit to excel over those preferring tax; and certain traits associated with the *Fiery Red* personality type may hinder individuals' ability to successfully complete the CPA exam. While it may not be possible to alter personality types and preferences, these findings still have implications for individuals considering majoring in accounting, and for accounting majors evaluating areas of concentration and career choices.

Most of the study's participants (and many accountants in public accounting careers – Burton et al. 2012) are of the *Cool Blue* personality type. If a student is undecided in terms of an area of concentration and is of the *Cool Blue* personality type, he or she may want to consider majoring in accounting. Obviously, personality type is only one consideration. Affinity for accounting and how well a student performs in the first few accounting courses are at least equal in terms of importance.

For accounting majors, mechanisms in place at many public accounting firms (e.g., study material reimbursement, bonuses for passing within a certain timeframe) may positively influence CPA exam pass rates. If becoming a CPA is an important personal goal, public accounting may be a good place to start an accounting career. In addition, large public accounting firms frequently offer higher starting salaries than industry-based or government-based accounting careers. On the other hand, the largest public accounting firms frequently demand the most in terms of travel and overtime.

For individuals who are candidates for the CPA exam (in many states graduate-level accounting students), those who prefer tax over audit, or describe themselves as being competitive, fast, and decisive – traits associated with being of the *Fiery Red* personality type – should recognize that these preferences and characteristics may be an obstacle to CPA exam success. These individuals may need to spend more time studying for the FAR and Auditing sections of the exam, and should use the positive traits associated with their personality – like organizational skills – to maximize their likelihood of success on the CPA exam. Knowing your dominant personality type should not be viewed as an obstacle to exam success, but should enable you to focus on traits that can work to your advantage.

REFERENCES

- Brahmasrene, T., and D. Whitten. 2001. Assessing Success on the Uniform CPA Exam: A Logit Approach. *Journal of Education for Business* 77 (1): 45-50.
- Briggs, S. P., S. Copeland, and D. Hayes. 2007. Accountants for the 21st Century, where are you? A five-year study of accounting students' personality preferences. *Critical Perspectives on Accounting* 18 (5): 511-537.
- Burton, H., B. Daugherty, D. Dickins, and D. Schisler. 2012. Personality differences of audit and tax professionals. *TaxPro Journal* 19 (2): 38-43.
- Craik, F. I. M., and T. A. Salthouse. 2000. *Handbook of Aging and Cognition, 2nd Edition* (Erlbaum: Mahwah, NJ).
- Dunn, W. M., and T. W. Hall. 1984. An empirical analysis of the relationships between CPA examination candidate attributes and candidate performance. *The Accounting Review* 59 (4): 674-689.
- Fischer, P., and B. Daugherty. 2007. Motivating new hires to pass the CPA Exam. *On Balance* (May/June): 34-39.
- Furnham, A. 2001. Test-taking Style, in *Intelligence and Personality: Bridging the Gap in Theory and Measurement*, edited by J. M. Collis, S. J. Messick, and U. Schiefele
- Klass, K. A., and G. E. Summers. 1994. CIA exam strategy: planning, preparation and test-taking techniques. *Managerial Auditing Journal* 9 (2): 24-31.
- Leathers, P., J. Sullivan, and J. Bernstein. 1984. The CPA examination – profile of the successful candidate. *Advances in Accounting* 1: 105-125.
- Niederle, M., and L. Vesterlund. 2010. Explaining the gender gap in math test scores: the role of competition. *Journal of Economic Perspectives* 24 (2): 129-144.
- Swain, M. R., and K. J. Olsen. 2012. From student to accounting professional: a longitudinal study of the filtering process. *Issues in Accounting Education* 27 (1): 17-52.