

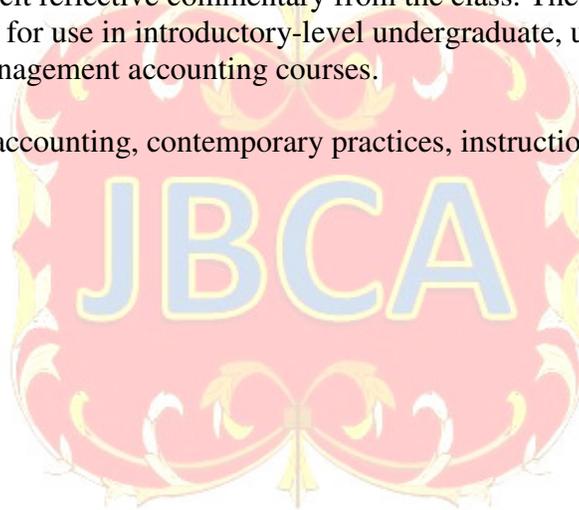
## **Keeping up with practice: integrating contemporary practice issues into management accounting coursework**

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### **ABSTRACT**

The practice commentary assignment discussed in this paper is designed to develop students' understanding of contemporary management accounting practices. The central purpose of the assignment is to enhance coverage of practice issues within a management accounting course without sacrificing coverage of core management accounting topics. Assignment requirements ask students to identify a recent management accounting practice item of interest, conduct supporting research to synthesize a sound understanding of the selected item, prepare a brief write-up commenting on key points of the item, and finally, lead a brief interactive class discussion designed to elicit reflective commentary from the class. The practice commentary assignment is appropriate for use in introductory-level undergraduate, upper-level undergraduate, or graduate-level cost/management accounting courses.

Keywords: management accounting, contemporary practices, instructional assignment



## INTRODUCTION

Contrary to customary anecdotal claims that management accounting has not changed much since the industrial era, the role of the management accountant has evolved considerably and management accounting practices have progressed significantly (see Cokins 2013, Cokins 2014, Cokins n.d., Cooper 2006, Ferrar 1995, IMA 2008). The responsibilities of management accountants within organizations have shifted to include an essential role in enabling organizational strategy and enhancing stakeholder value thereby changing and expanding requisite practice competencies (see Brewer 2008, Brewer et al. 2014, Cooper 2006, IMA 2008, Sharman 2003). As a corollary, there is a marked shift towards more progressive management accounting practices as well as the use of a mix of different management accounting methods to suite different strategic needs (Cokins 2013, Cokins 2014, Cokins n.d., also see Castellano & Burrows 2011, Krumwiede & Charles 2006).

Management accounting instructors are confronted with the difficulty of adequately addressing this ever-expanding, practice-relevant knowledge base given competing subject matter, contact-hour limitations, and conflicting educational responsibilities. There never seems to be enough time to provide inclusive coverage of even the most critical core topics; as such, significant practice issues are invariably excluded from the curriculum. It is therefore not unduly surprising that management accounting education has been criticized for failing to keep up with evolving professional competencies, current practice developments, and trends towards progressive management accounting methods (see Ahadiat 2008, Brewer et al. 2014, Buttress & Schmelzel 2008, Cable et al. 2009, Castellano & Burrows 2011). Critics contend that there is a significant gap between classroom and practice, with existing curriculums and texts providing inadequate coverage of contemporary management accounting practices (see Ahadiat 2008, Brewer et al. 2014, Buttress & Schmelzel 2008, Cable et al. 2009, Castellano & Burrows 2011).

It is essential to expose students to contemporary management accounting practices they are likely to see in practice and, perhaps just as importantly, provide them with the foundational professional competencies necessary to assess the value of such practices (see Brewer et al. 2014, Castellano & Burrows 2011, Grantz et al. 2012). The purpose of this paper is to present a practice commentary assignment designed to integrate coverage of contemporary practices into management accounting coursework without sacrificing coverage of core management accounting topics. The remainder of this paper is structured as follows. The next two sections present targeted courses and assignment learning objectives, respectively. The following section presents the practice commentary assignment and the final section provides classroom implementation guidance and student feedback.

## TARGETED COURSES

The practice commentary assignment was originally designed for and implemented within a graduate level advanced management accounting course. However, the assignment is flexible enough to be adapted for use in management accounting courses at different levels including undergraduate-level introductory managerial accounting, undergraduate-level cost/management accounting, graduate-level management accounting within an MBA curriculum, and/or graduate-level management accounting within an MSA curriculum. To complete assignment requirements successfully, students need only a foundational understanding of management accounting concepts such as may be acquired from initial material within an

introductory management accounting course. Although, note that use of the assignment within a more advanced cost/management accounting course (such as a graduate level course within an MBA and/or MSA curriculum) affords a more sophisticated knowledge base allowing for practice commentaries of greater depth and dimension.

## LEARNING OBJECTIVES

The purpose of the practice commentary assignment is to enhance coverage and understanding of contemporary practice issues within a management accounting course. The specific learning objectives for the practice commentary assignment are to develop students' ability to

1. Identify significant practice issues relevant to management accounting professionals.
2. Analyze emerging, prevailing, or progressive management accounting practice issues.
3. Apply communications, critical thinking, and research competencies to professional practice issues.<sup>1</sup>

## PRACTICE COMMENTARY ASSIGNMENT

This assignment requires students to identify, research, comment on, and lead class discussion regarding an emerging, prevailing, or progressive practice issue relevant to management accounting professionals. **Required Submission:** Students will be required to submit a brief write-up summarizing their commentary and then lead a brief live discussion during class or virtual discussion online.

### Requirements

1. **Practice Commentary Research.** Identify a recent management accounting practice item of interest (e.g., article, developing issue, news report, real-world event) to serve as the subject for a practice commentary. The selected practice item must be directly relevant to course content and relatively recent in occurrence. Conduct supporting research to synthesize a sound understanding of the selected item, subject(s) to which it relates, and implications for management accounting practice. Supporting research may be conducted using print, media, and/or online sources. Research must include a minimum of three distinct outside sources.
2. **Practice Commentary Write-Up.** Prepare a brief write-up (one to two pages including written responses, illustrations, and references) summarizing key points and queries as follows:
  - a. Indicate the title and original source of the practice item of interest.
  - b. Explain the subject(s) (e.g., concepts, methods, or practices) to which the practice item relates.
  - c. Explain the central point(s) (e.g., events, issues, or views) broached by the practice item.

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<sup>1</sup> This objective is designed to address foundational professional competencies expected of accounting professionals (e.g., see Albrecht & Sack 2000, Brewer et al. 2014, Grantz et al. 2012, IESBA 2014, Raef et al. 2014).

- d. Provide a reflective commentary on the relevance of the practice item to course material,<sup>2</sup> implications for management accounting practice,<sup>3</sup> and value of the knowledge acquired while completing this assignment.<sup>4</sup>
  - e. Construct two to three discussion questions with responses for class discussion purposes.
    - i. Discussion questions must address applicable management accounting practices.
    - ii. Discussion questions must elicit explication, analysis, and/or evaluation of the key points of the practice item.
    - iii. Discussion questions must consist of application, analysis, synthesis, and/or evaluation level queries (Refer to the synopsis of Bloom's Taxonomy for explanation of question levels).<sup>5</sup>
    - iv. Discussion questions must include concise, well-reasoned responses.
  - f. Provide a reference list indicating sources utilized (e.g., articles, reports, texts). The reference list must be properly formatted and include a minimum of three distinct outside sources.
3. **Live Class Discussion (Option 1).** Prepare a brief, informal class discussion (three to five minutes) to be delivered during regularly scheduled class.
- a. Class discussions must be delivered on the scheduled discussion date.
  - b. Class discussions must address key aspects of the write-up. Presenting students must present key aspects of the write-up (i.e., requirements 2a - d) to introduce the practice item.
  - c. Class discussions must include discussion questions (i.e., requirement 2e). Presenting students must be prepared to lead a brief interactive class discussion based on posited queries. Discussion questions may be integrated into the presentation or alternatively, introduced at the end of the presentation. In either case, presenting students are expected to initiate dialogue, elicit responses, and guide discussion relating to posited queries.
  - d. Participating (non-presenting) students are expected to readily engage in interactive class discussions by responding to posited queries with instructive and relevant contributions.
4. **Virtual Class Discussion (Option 2).** Prepare a brief virtual class discussion (two to three discussion questions).
- a. Virtual discussions must be delivered during the scheduled discussion period.
  - e. Virtual discussions should include key aspects of the write-up. Presenting students must

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<sup>2</sup> Contemplate the subject(s) to which the practice item relates and comment on the relevance of such subjects to course content.

<sup>3</sup> Contemplate central point(s) broached by the practice item and comment on the pragmatic implications for management accounting practice.

<sup>4</sup> Contemplate what you learned while completing this assignment and comment on the significance of such knowledge to you, how such knowledge transformed your understanding of management accounting practice, and/or how such knowledge provides value to you as an aspiring accounting professional.

<sup>5</sup> This requirement is designed to ensure students construct discussion questions that will encourage critical thinking. Students are provided a brief synopsis which explains the six cognitive learning levels (i.e., knowledge, comprehension, application, analysis, synthesis, and evaluation) as defined by Bloom et al. (1956) and provides illustrative question-type examples.

post key aspects of the write-up (i.e., requirements 2a - d) to the discussion board forum to introduce the practice item.

- b. Virtual discussions must include discussion questions (i.e., requirement 2e). Presenting students must be prepared to lead a brief interactive virtual discussion based on posited queries. Discussion questions must be posted as separate discussion threads. Presenting students are expected to initiate dialogue, elicit responses, and guide discussion relating to posited discussion queries.
- c. Participating (non-presenting) students are expected to readily engage in interactive virtual discussions by responding to posted discussion questions with instructive and relevant contributions.

## **CLASSROOM IMPLEMENTATION**

### **Discussion Scheduling**

The practice commentary assignment is most effective when assigned at the start of the semester. This allows instructors to schedule practice commentary discussions (live or virtual) as time permits over the course of the academic term, permits students adequate time to select an appropriate practice commentary item, and affords progressive integration of practice commentary subject matter into coursework throughout the entire course. Instructors may elect to allow students to sign-up for live or virtual class discussion slots or alternatively, assign students to “present” on a certain date. The author provided a predetermined practice commentary discussion schedule listing available dates/times at the start of the term and required students to sign up for a discussion slot online via a Blackboard sign-up list. This worked quite well although instructors should consider setting aside a few time slots towards the end of the course term to allow for admissible “make-ups” due to excused absences or other unforeseen issues.

### **Practice Commentary Subjects**

Instructors may elect to allow students to identify a subject on which to base the practice commentary (as part of their research), provide a list of allowable or suggested subject areas (as research guidance), or specify a particular subject area on which students must focus the research. An illustrative list of potential management accounting subject areas based on Institute of Management Accountants (IMA) resources (see below) and past student assignments of particular merit is presented in Table 1 (Appendix).

The author allowed students to identify a subject and item of interest but assigned preparatory readings on the strategic role of management accounting (IMA 2008), professional ethics (IMA 2014a, IMA 2014b), unrecognized intangibles (IMA 2014c), and sustainability (IMA 2014d) to establish foundational themes (i.e., strategic, behavioral, social, and sustainability themes) and inform practice commentary research and reflection. Themes can easily be adapted to accommodate instructor preferences by assigning alternative preparatory material. The IMA provides a plethora of useful reports (e.g., Statements on Management Accounting), publications (Management Accounting Quarterly, Strategic Finance Magazine), online resources (e.g., IMA Ethics Center), and webinars (e.g., Inside Talk Webinar Series) which may be utilized to adapt and inform the exercise (see [www.imanet.org](http://www.imanet.org)). For instance,

instructors may choose to have students focus on the ethical implications of management accounting practices; as such, instructors might assign preparatory readings focusing on ethics considerations (e.g., IMA 2014a, IMA 2014b, Ethics Columns from Strategic Finance Magazine) and refer students to online IMA resources (e.g., IMA Ethics Center).

### **Assignment Variations**

The practice commentary exercise may be assigned as a written assignment (brief or comprehensive), class presentation assignment (formal or informal), and/or participative discussion assignment (live or virtual) on an individual or team basis. The author assigned the practice commentary assignment as an individual assignment and required a brief written paper followed by a live class discussion or virtual class discussion lead by the student. When assigned as a writing/live discussion assignment (Discussion Option 1), students were required to submit a brief write-up and provide a short informal presentation during class whereby the discussion questions constructed by the student provided a basis for a live, student-lead class discussion. When assigned as a writing/virtual discussion assignment (Discussion Option 2), students were required submit a brief write-up and then post a synopsis of key points from their write-up and discussion questions to a Blackboard discussion forum; the discussion questions constructed by the student provided the basis for a virtual, student-lead class discussion.

Both approaches worked well. The former approach is preferable as it affords the opportunity to assess students' oral communication and presentation skills but it requires allotment of live class time for presentations and accompanying discussions. However, if time limitations are placed on presentation and discussion time, class time dedicated to practice commentaries can be effectively managed. Time necessary for in-class practice commentary discussions will depend somewhat on the level of detail included in the presenting student's commentary and the level of class participation by non-presenting students when responding to discussion questions. However, five to ten minutes of class time was generally adequate to afford an insightful commentary and discussion; although, instructors may expand time devoted to discussions if desired. The latter approach eliminates the need to allot live class time for interactive discussions and affords introverted students the opportunity to participate in what may be perceived as a more comfortable venue. However, it precludes assessment of students' oral communication and presentation skills and virtual discussions have a tendency to move off track if not monitored closely by the instructor. In either case, requiring presenting students to prepare a write-up prior to leading a live or virtual discussion ensures that students are well-prepared to elicit an informative class discussion.

### **Assessment**

Written submissions, student-lead discussions, and non-presenting student participation were assessed based on a simple rubric (i.e., did not meet expectations, met expectations, exceeded expectations) applied to key dimensions. Written submissions were evaluated on written content (extent to which learning objectives were satisfied), writing mechanics, and referencing (appropriate sources, formatting).<sup>6</sup> Associated student-lead discussions were

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<sup>6</sup> Students were referred to the Purdue Online Writing Lab (OWL) for research, writing, and referencing guidance (see Purdue University, n.d.).

evaluated on discussion value (depth and relevance of class discussion elicited) and delivery mechanics. Non-presenting student participation was evaluated on level of participation and relevance of comments.

## STUDENT FEEDBACK

Student feedback was acquired via end-of-term learning perception surveys conducted by the university as well as in-class course reflection discussions over multiple course sections and terms. In general, the practice commentary assignment was well received by students. Students indicated that they appreciated the opportunity to research a topic of individual interest as it allowed them a degree of control over course content. Students also indicated that the practice commentary assignment significantly increased their understanding of real-world practice issues and moreover, afforded them a more critical eye for assessing the pragmatic value of such practices. In addition, students commented that they enjoyed learning from and interacting with other students within the class. A number of students also pointed out that the informal nature of the practice commentary presentations and the interactive, collaborative nature of the associated discussions mitigated the tediousness of covering course material.

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**APPENDIX****TABLE 1: POTENTIAL PRACTICE COMMENTARY SUBJECT AREAS**

1. Activity-Based Budgeting
2. Activity-Based Costing (e.g., traditional, time-driven, approximately accurate/relevant)
3. Activity-Based Management
4. Backflush Costing
5. Benchmarking
6. Business Valuation
7. Capacity Cost Management
8. Compliance Management
9. Corporate Social Responsibility
10. Customer Profitability/Value Management
11. Enterprise Risk Management
12. Environmental Cost Management
13. Incentive Systems (tangible, intangible)
14. Integrated Performance Management (e.g., balanced scorecard)
15. Inventory Management (just-in-case, just-in-time)
16. Kaizen Costing
17. Lean Processes/Accounting
18. Life Cycle Cost Management/Target Costing
19. Management Control Systems
20. Process-Based Costing
21. Process Management
22. Professional Ethics
23. Quality Cost Management
24. Resource Consumption Accounting
25. Strategic Budgeting
26. Strategic Management (e.g., cost leadership, product leadership)
27. Supply Chain Management
28. Sustainability Reporting
29. Theory of Constraints
30. Transfer Pricing
31. Unrecognized Intangibles
32. Value Chain Analysis