

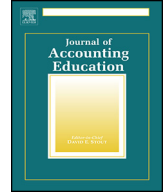


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Teaching and educational notes

Developing student competencies: An integrated approach to a financial statement analysis project



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ABSTRACT

This paper presents an instructional resource for an integrated financial statement analysis project. The project requires a quantitative analysis of a company's financial statements and a written research report. The project is designed to develop students' critical thinking and analytical capabilities through the application of course concepts to a real company, while also providing opportunities to develop professional competencies. Following Anson's Instructional Design Model (2007), the integrated project includes supporting activities, which are designed to aid students in achieving the project's learning goals. The supporting activities include in-class instruction on financial ratios, a computer lab session on Excel, draft papers, peer reviews of writing, and paper revisions. The integrated project also serves as an example of an assignment that is consistent with two recent education frameworks, the Integrated Competency-Based Framework (Lawson et al., 2014) and the AICPA Core Competency Framework (2015), which both advocate for increased integration of professional competencies within the accounting curriculum. Our instructional resource provides project instructions, supporting activities, as well as implementation guidance and a grading rubric. The paper discusses adaptations to tailor the project to various courses and audiences. The resources in this article are useful for instructors implementing a financial statement analysis project into accounting, finance, financial statement analysis and investment courses targeted at either the undergraduate or graduate levels.

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1. Introduction

There has been a growing call for the development of curricular resources that simultaneously develop students' accounting content knowledge and professional competencies.¹ Two recent accounting pedagogical frameworks, The Integrated Competency-Based Framework (Lawson et al., 2014) and the AICPA Core Competency Framework (2015), advocate for an integrated approach to accounting education. This paper contributes to the literature by presenting an instructional resource for an integrated financial statement analysis project. The project is designed to develop students' critical thinking and analytical capabilities through the application of course concepts to a real company, while also providing opportunities to develop professional competencies.

Financial statement analysis projects are often assigned as an opportunity for students to synthesize and apply course material at the end of accounting or finance courses (Kern, 2000; Misch & Galantine, 2009; Warren & Young, 2012).² However, synthesis, critical thinking and analysis are higher-order learning skills, which may be difficult for students to achieve without adequate instructor direction and support (Hixton, Buckenmeyer, & Zamojski, 2011). Consistent with Anson's Instructional Design Model (2007), our financial statement analysis project infuses supporting activities that are specifically designed to both support learning and encourage the development of integrated professional competencies.

Our instructional resource provides two sets of detailed course project instructions: one suitable for an introductory accounting course (Appendix A) and another tailored toward a graduate-level financial statement analysis course (Appendix B). The learning goals of both projects broadly relate to synthesizing and analyzing accounting disclosures while developing research, written communication, Excel and teamwork skills. There are two formal student deliverables for the projects: (1) a quantitative analysis of a company's financial statements and (2) a written research report on the company. Our paper also provides implementation guidance based on our experience using the project over multiple terms. Supporting activities, including an in-class discussion on financial ratios, a computer lab session on Excel, draft papers, peer reviews of writing and paper revisions, integrate the project into the course throughout the term and are designed to provide students with the structure and guidance necessary to achieve higher-order learning. Our instructional resource provides sample instructions for students, a timeline for project implementation, discussion of supporting activities, worksheets to assist students with peer reviews, and a grading rubric.

The integrated project and its supporting activities are organized around the Instructional Design Model developed in Anson (2007) and shown in Fig. 1. The model suggests that assignment design begins with a set of learning goals or outcomes, which then allow the scope, audience, style and formality of the assignment to be determined. Anson (2007) suggests that complex assignments should have supporting activities to facilitate learning "if we want the experience to be more than simply a vehicle for evaluation" (p. 7). The Instructional Design Model also reinforces that the evaluation of learning is linked to student learning goals.

The paper proceeds by discussing student learning goals, assignment design, supporting activities and evaluation. The paper then discusses adaptations appropriate for various audiences. The paper concludes with a discussion of student perceptions of the project based on an end-of-the-semester survey completed by 280 students who took the introductory accounting course in either the 2012

¹ See for example the IMA's competency crisis website, <http://competencycrisis.org/>, and the AICPA's Core Competency Framework, <http://www.aicpa.org/interestareas/accountingeducation/resources/pages/corecompetency.aspx>.

² Many textbooks include end-of-chapter material that requires financial statement analysis. See for example Harrison, Horngren, and Thomas' 2013 textbook, *Financial Accounting*, 9th ed., pp. 844–845. The book contains exercises requiring students to research basic information about Target and then to evaluate the company's profitability, operating efficiency, and liquidity. The book's assignment concludes with an investment opinion on the stock. Another example is provided in Libby, Libby, and Short's 2014 textbook, *Financial Accounting*, 8th ed. The Libby et al. (2014) book provides end-of-chapter problems for a "Financial Reporting Analysis Team Project." Both of these textbook assignments are designed as homework problems rather than as an integrated course project as described in this paper.

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