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## AN ACTIVE LEARNING PROJECT IN A MANAGERIAL ACCOUNTING PRINCIPLES CLASS: IS IT TIME WELL-SPENT?

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*The current active learning project involves student visits to area companies to collect information regarding the companies' use or nonuse of Responsibility Reports (RRs). The students involved were attending a managerial accounting principles class at a southeastern, regional university, and were given oral instructions by their teacher to complete the project. Sixty-two students participated, along with sixty-one companies. The average grade earned by the students was 15.58 of 20 points, and nine students earned a perfect score. The student findings were that 45 of the 61 companies, or 73.8%, use RRs. Based on the student performance, reports, and feedback, the project was determined to be a valuable Active Learning experience.*

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### INTRODUCTION

The concept of Active Learning has received considerable attention in the world of academia for business schools over the past several years, and the topic continues to gain notoriety in the area of business education. For example, the Baylor Review recently printed the "7 Goals of a Highly Successful Business School" for the Hankamer School of Business of Baylor University, and Goal 1 is, "To be acknowledged as a premier and innovative source of active learning" (2007: 1). Page and Mukherjee (2007) use active learning in their business classes to teach their students negotiation and critical-thinking skills. The results were the development of higher order thinking skills in their students, skills that are needed to deal with the complexities of real-life challenges. Tushman, et. al. (2007) found that their executive education students who were involved in "action-learning" programs out-performed the students in their traditional executive education program.

There are some in academia that embrace the concept of active learning. This is evidenced by the number of research papers on Active Learning being included on the programs of the some of the most elite academic/accounting conferences in recent years (AACSB 2005, 2006, 2007 and AAA 2006, 2007), as well as by the variety of academic disciplines that include active learning projects in their course requirements (Hermanson, 1994; Heriot and Campbell, 2002; and Cook and Belliveau, 2006). If so, then why is its use not more widespread? Maybe it is as simple as the natural reaction of resistance to change.

In the field of accounting, some of this change in emphasis began in 1990 when the Accounting Education Change Commission issued a challenge to the academic community to develop a more effective way to educate accountants in schools of higher learning. Educators and institutions responded in different ways - many changed their curriculum, but continued to use the traditional approach of lecturing to their students; some theorized that integrating technology into the classroom or using a concepts approach (Edmonds 1996) was the answer; and others viewed students as active participants in their own learning (Holt and Goodnow, 1995; Atkinson and Jones, 1997) as being the superior solution. Since it is generally agreed that

accounting is a "learning by doing" type of class, this last method seemed to make a great deal of sense. Active Learning at that time was more often referred to as "Applied Learning," "Group Learning," "Collaborative Learning," or "Cooperative Learning" (Hermanson, 1994; Holt, 1995; Atkinson, 1997) since it involved small groups of students working together to solve exercises and problems during a class period.

Recently, Martin Ince (2007) published an article about Professor Michael Eraut of the UK's University of Sussex who headed a teaching and learning research project called LINEA (Learning in Nursing, Engineering and Accountancy). Eraut and his colleague, Judith Furner, found that accountants just may be the profession that is getting early learning right. Among other things, they found that learning something and using it almost simultaneously was one of the most stimulating aspects of becoming an accountant. They set forth in their findings that accountants are involved in a basic activity of asking questions to collect information, and then immediately applying that information to do their jobs. They use the field of auditing as an example and find that question-asking skills are the key to a job well-done. They also find that question-asking skills are of two sorts: 1) those where new auditors continually ask questions of their colleagues about how to construct and carry out an audit, and 2) those questions asked of the client about their business in order to process the client's information to complete the audit. The art of question-asking for auditors takes place on the job which, of course, is an Active Learning environment.

The current project was assigned with the concept of Active Learning in mind, and it evolved from a classroom discussion in which the students were particularly engaged. The students were encouraged to ask questions and make suggestions from the initial stages of the project development discussion. The project was designed to encourage Managerial Accounting students to interact with area businesses to answer a basic question, "Do area businesses actually use responsibility reports in their companies, and if not, why?" The findings of each student were to be documented and summarized in a business report format and submitted to their teacher. The ultimate goals were that the students would: 1) familiarize themselves with the textbook subject matter before their

appointment, 2) represent themselves and their university well, while 3) gathering valuable information to answer their research question, and then, 4) present their findings in a professional, concise, written report.

## ACTIVE LEARNING AND OUTCOMES

### Learning and Retention

There is a concern that business schools are increasingly uncoupled from business practice (Tushman, 2007), so it is up to college and university educators to remedy this problem. Baylor's Hankamer School of Business (2007) addresses these concerns in a number of different ways: 1) by encouraging their students to compete in case-writing and business plan-writing competitions; 2) by providing an avenue for the students to meet with Senate Finance Committee staffers in Washington during a mock tax bill markup session; and 3) by supporting student interaction with high-profile companies through other active learning programs sponsored by Baylor, just to name a few. Tushman (2007) seems to agree with Baylor's approach - that learning goes beyond the classroom to bridge the gap between education and business.

However, some proffer that it may not be necessary to leave the classroom to have an excellent Active Learning experience. Schee (2007) suggests an in-class, interactive activity for Principles of Marketing classes as a possible solution. The activity is called The Exchange Game. Schee implements the game in his classes on the first day of class, and involves the entire class. The outcomes were: 1) increased class participation, 2) engagement with the instructor and other students, 3) enthusiasm for the course, and 4) increased knowledge of principles of marketing.

Active involvement in ones own learning begins with the basic senses. "How We Learn," presented in table 1, was a concept set forth by Cooper and Krinsky (1991) as they wrote about the concept of cooperative learning measured through an individual's senses. As noted in table 1, although we learn from the senses of taste, touch, and smell, the level of learning is very small compared to the senses of hearing and sight. They concluded that we learn significantly more through sight than any of the other senses, so educators can take some comfort in the fact that the demonstrations conducted in their classes should be a valuable aid to their students' understanding of the subject matter.

Table 1: How We Learn

1 %	Through taste
1 ½ %	Through touch
3 ½ %	Through smell
11 %	Through hearing
83 %	Through sight

Cooper and Krinsky, 1991

Cooper and Krinsky (1991) also drew from one of education's most widely known sources of learning and retention, Edgar Dale's "Cone of Experience." Based on his work from 1960, Dale found that for an approximate two-week period, students generally remember about 90% of what they say as they do a thing. This is the ultimate way for students to learn and retain information. Shortcuts along the way usually result in decreased retention. For example, as presented in table 2, if a student only listens to their teacher's lecture, they may retain about 20% of what they hear, but if the teacher demonstrates a concept while discussing it, that retention

percentage may increase to about 50%. It is only by combining the student's reading of the material with the teacher reinforcing the topic in class lectures, demonstrating its application, and involving the class in discussions that some of the students reach a passing grade. In order for students to move to the highest level, or 90%, of understanding and retention, they should also work on outside class projects, or in-classroom assignments, that involve the subject matter to be mastered, and then explain their findings to others. Through the cycle of explaining their work and answering questions about their findings, the learning and retention should be maximized.

Table 2: Retention of Information Studied

10 %	Of what they read
20 %	Of what they hear
30 %	Of what they see
50 %	Of what they see and hear
70 %	Of what they say as they talk
90 %	Of what they say as they do a thing

Edgar Dale, 1960, via Cooper and Krinsky, 1991

### What Do Employers Want?

All businesses are looking for employees who can make a contribution to their company from the employee's first day at work. This comes both from the recall and application of information the employee learned from their days as a student as well as the ability of that employee to locate and synthesize

information related to their job. As Georg Simmel, a well-known German philosopher once said, "He is educated who knows where to find out what he doesn't know." So, students must be trained to ask the right questions to learn and perform their jobs (Ince, 2007).

Employers also want employees who are self-starters, can communicate orally and in writing, possess the personality to

work well with people, have a working understanding of business fundamentals, and are technically savvy. A project such as the one administered during this study should serve to foster each of these types of skills.

## Project

This project involves an assignment given to a class of Managerial Accounting Principles students at a southeastern, regional university during the spring semester of 2005. The students studied a chapter dealing with Responsibility Reporting, after which the teacher raised the question, "Do area businesses actually use responsibility reports in their companies, and if not, why?" This led to a lively classroom discussion and, ultimately, an outside assignment. The assignment materialized to where each student would choose an area company (with a population of approximately 290,000 in the area, this should not be difficult), obtain an interview with someone in the company that should be knowledgeable of reports of this type, determine whether or not that company uses RRs, summarize their findings in the required report format, and submit the report of their findings to the teacher. These instructions, and others that followed, were initially given to the students verbally by the teacher, but then were summarized in class as a list on the board; however, no written instructions were handed out to the students. The students were continuously encouraged to ask questions and make suggestions during the formulation of the project. They were told the importance of taking verbal instructions and asking questions to clarify their idea of what the end-product should contain, as well as how it should look, with the ultimate goal of an accurate, timely, finished report.

Following their company interviews, the teacher required the students to summarize their findings in a report, not to exceed three pages, by a deadline two weeks hence. The deadline was non-negotiable and set by the teacher. Importantly, the class was told that reports submitted early would be fine, but that no late reports would be accepted. Page one was to be a cover letter, in proper business form and addressed to the teacher, summarizing their project and findings. This letter was, in effect, their executive summary. Pages two and three were to be the body of the report presenting the student's findings. This part of the report was to be typed and double-spaced, with each page having 1" margins on all sides. The students were instructed to be well-versed on the topic before the interview and represent their school in a professional, business-like manner.

The incentive offered by the teacher was a grade of up to a maximum of 20 points which would be counted as 20% of the upcoming exam. That exam included the chapter containing the topic, Responsibility Reports. The students were eager for this type of opportunity and some referred to it as a "take-home test," or at least a take-home part of their next test. The regular, in-class exam accounted for the other 80% of that test grade. (Considering there were four 100 point exams, plus a 100 point final exam for the course, the assignment's impact on the final grade was 20 of 500 points, or 4% of the total grade.) The absolute deadline for the report was decided on during the

original classroom discussion of the project, and subsequently the class was reminded of the deadline date. No papers would be accepted for a grade following the end of the class period of the deadline. Therefore, any student not submitting a project by that time would earn a zero for that 20-point part of the exam.

The students were told that they would be competing with each other to set the standard for the final product. So, of course, the better the reports, the higher the grading standard would be. They were also told that deductions would be made for formatting, grammatical, and spelling errors. In addition, the teacher told the students that the papers would first be sorted as to whether the report format had been followed, and then, they would be ranked as to the content of the letter and body of the report. The teacher iterated several times to the students that no pages beyond three would count in their grade for the assignment. Beyond those basic instructions, the students were left to their own interests, knowledge, and creativity to complete the assignment.

During the two weeks that followed the initial discussion of the report, about 5-6 students asked for clarification about the report and its format. They needed additional input in four areas: 1) the proper format of a business letter since many of the students had not yet taken a course in Business and Professional Writing; 2) the font type and size that was to be used; 3) whether an example of their company's report could/should be included; and 4) if extra pages would result in higher grades. The questioning students were referred to an example of a business letter in their textbook, told about the 3-page grading limit, and then the entire class was told to use the "Times New Roman" font with a 12 pt. size, to single-space the business letter, but double-space the body of the report. The class was also told that it was okay to include an example or sample report from their company, but anything beyond the third page would not add to their grade.

## Results

Sixty-two reports were collected from seventy-one students. The nine students who did not turn in the assignment earned a grade of zero for that 20-point portion of their test grade. The average grade for the sixty-two reports was 15.58, with a low grade of seven points and a high grade of 20 points. Nine students scored a perfect 20 on their assignments. (A spreadsheet summarizing the student reports, including their individual grades, is presented in the appendix to this paper.)

The most common deduction of points was due to the omission of the cover letter. That cost the students five points. Thirty-seven students submitted their reports with a cover letter, while the other twenty-five did not. Likewise, thirty-seven students included an attachment to their reports and fourteen others included an example of a Responsibility Report - the attachments and about half of the examples came from the companies after their company identifications had been removed.

Companies visited by the students ranged from small, sole proprietorships to Fortune 500 companies. Included in the study, not by design, but by chance, were: service-type firms such as a small, home security business, but also one of the

world's largest financial transaction-monitoring firms; merchandisers such as a local music shop and a coast-to-coast electronics retailer; manufacturing-type businesses that ranged from a local, family-owned, construction company to a multi-million dollar airplane parts manufacturing company. There was only one business which was the same focus of reports by two students, and it was a local music shop. It was obvious based on the students' report contents that their reports were not prepared independently of each other.

The students' findings determined that 45, or 73.8%, of the companies used RRs. Many of the company managers took the time to explain how they benefited from using such reports. When the managers of the other 16 businesses were asked why they did not use RRs, the company representative most often cited as the reason the small size of their company, and thus, the lack of need of a formal report. Some noted that as their company grows, perhaps there will be a need for this type of report in the future.

It was determined from the content of their reports that a few of the students (approximately five) did not possess a good understanding of the concept of Responsibility Reporting after completing the assignment. More specifically, some made erroneous statements about the type of information normally included in a Responsibility Report, and some did not demonstrate a clear understanding of what the businessperson was trying to communicate to them.

On the other hand, there were others who mentioned in their cover letter that by explaining to the company representative what type of information they were interested in, they learned the essence of the topic. They said it was a very beneficial, "real-world" experience, and recommended that this type of assignment be used in other classes. Other comments to the teacher, or overheard by the teacher in student-to-student conversations in class, intimated that the students wanted to avoid being embarrassed when talking to company representatives, so they made sure they knew the subject before going to their selected company. Of course, this was one of the desired results of the project anyway!

### Costs of Using Active Learning Projects

The use of active learning projects is not without costs. To the teacher, one such cost is that they do require significantly more time and effort, first in presenting the assignment, then in the follow-up, and finally, in grading the work submitted. The extra time it takes to grade 3-page reports for 62 students is certainly a consideration for the teacher.

Active learning projects will definitely take time away from other topics scheduled to be covered in the course. If there are multiple sections of managerial accounting principles being taught, it is likely that multiple teachers teach the same material, especially if there is a common syllabus. Unless each teacher uses an active learning project, the teacher that chooses to use such a project may not have enough class time to cover all of the chapters on the syllabus. In this case, the value of the active learning project must be balanced against the value of covering additional class topics.

In addition, the teacher must hold firm to the rules of the assignment. Whereas several students submitted their reports before the due date, others failed to submit reports at all. Those students who did not submit timely reports earned and received a grade of zero for that 20 point portion of their 100 point exam.

Obvious costs to the students would be the time and energy expended in making the initial contact and appointment; traveling to and from the appointment; and preparing the report. In addition, many students would need to spend more time studying the textbook in order to have a very good understanding of the topic prior to their company visit.

### Summary and Conclusions

Active Learning may take many forms - in-class assignments where students work together to answer questions or complete a project; case-writing competitions where groups of students enter their work to be judged in comparison with their peers; classroom simulations of real-world situations that require negotiating or other skills; and projects such as the current one where students interact with actual companies to conduct research and collect information for an assignment.

The current project developed from a discussion on the topic of Responsibility Reports in a Managerial Accounting Principles class. This lively student discussion led to an outside assignment on the topic. In its final form, the assignment consisted of a 20 point project involving each student visiting with an area company of their choice to answer the question, "Do area businesses actually use responsibility reports in their companies, and if not, why?" Before meeting with the company representative, the students were to be well-versed on the topic in order to gather sufficient information for their report. The instructions to the students were basically verbal, however, a list of the requirements were also summarized on the board in class. No written instructions were given to the students. The report was limited to 3 pages - a business letter to the teacher and a two-page summary of their findings. No pages beyond 3 would count towards the grade, late papers were not accepted, and the project counted as 20% of the 100 point test that included that chapter.

The findings were mostly positive, with 62 of the 71 students participating, and nine of the 62, earning a perfect score. The average grade was 15.58 of a 20 points. The companies ranged from very small to very large and represented service, merchandising, and manufacturing-type companies. Overall, the students were positive about the learning process, and some referred to it as a beneficial, "real-world" experience. The technique of Active Learning was not specifically discussed with the class, but through information contained in their reports, and through classroom discussions, Active Learning did take place.

Before an instructor decides to assign a project of this type, consideration should be given to the investment of time needed both in- and outside of class for the teacher and their students. In addition, consideration should be given to the sacrifice of the coverage of other topics in class for the emphasis on one.

With everything considered, this project provides evidence that assigning Active Learning projects can be a valuable asset in encouraging students to be active participants in their educational processes. The project took the students out of the controlled environment of the classroom and both challenged and encouraged them to be energetic individuals to meet the deadline; astute business students by securing an interview with the proper company representative; and creative and concise individuals in reporting their findings. This assignment appeared to be successful, or time well-spent, based on the results; however, additional research is needed in other projects of this type to assess the positive or negative impact Active Learning assignments may have in those accounting classes.

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# Appendix

#	Report	Cover	Rep	Ex	Attach	RR Used at Co		Alt. report?	Co Type	Notes
	Grade	Letter	Body			No	Yes			
1	13		1	1		1			Restaurant	
2	10		1			1			Merchandiser	
3	15		1		1		1	Cost detail by dept.	Hospital	
4	15		1		1		1	Incoming Reports	Entertainment	
5	20	1	1	1			1		Manufacturing	uses Lean Mfg
6	15		1		1		1		Manufacturing	a Cost Center
7	19	1	1				1		Bank	
8	15		1			1			Merchandiser	
9	13		1	1		1			Dr. Office	
10	18	1	1			1			Manufacturing	7-person co
11	18	1	1				1	QC, Prod. & Sales	Manufacturing	fishing lures
12	9		1			1			Merchandiser	
13	17	1	1				1	Budget	Gym	
14	19	1	1				1	P&L	Manufacturing	15 employees
15	15		1	1		1			Construction	RR is not formal
16	19	1	1				1		Construction	
17	19	1	1	1	1		1		Construction	
18	10		1				1		Restaurant	
19	12		1	1			1		Service	
20	10		1				1		Service	
21	15	1	1	1			1		Merchandiser	
22	17	1	1				1		Merchandiser	
23	20	1	1		1		1		Service	
24	14		1			1			Construction	co. is 5 yr. old
25	20	1	1				1		Manufacturing	
26	15	1		1			1		Merchandiser	Retailer affiliate
27	20	1	1		1		1		Service	
28	14		1				1		Gym	
29	10	1	1		1		1		Restaurant	
30	15		1	1			1		Restaurant	
31	16	1	1		1		1		Gym	
32	14		1				1		Construction	
33	12		1		1		1		Merchandiser	
34	12		1				1		Insurance Co.	
#	Report	Cover	Rep	Ex	Attach	RR Used at Co		Alt. report?	Co Type	Notes
	Grade	Letter	Body			No	Yes			
35	15		1				1		Manufacturing	
36	20	1	1	1			1		Manufacturing	
37	20	1	1	1			1		Hospital	
38	17	1	1		1		1		Bar	
39	19	1	1		1		1		Manufacturing	
40	15	1		1		1			Service	5yr old co. & 3empls.
41	14		1				1		Service	cr. Card processing
42	7		1	1		1			Flower shop	
43	18	1	1				1		Merchandiser	
44	13		1			1			Construction	4 employees
45	19	1	1				1	various reports	Manufacturing	food and poultry co
46	14	1	1			1			Restaurant	1+ yrs in business
47	20	1	1		1		1		Manufacturing	
48	16	1	1		1		1		Merchandiser	
49	18	1	1		1		1		Manufacturing	
50	20	1	1	1	1		1		Manufacturing	Panasonic Battery
51	14		1		1		1		Restaurant	
52	19	1	1				1		Restaurant	
53	18	1	1		1		1		Manufacturing	
54	18	1	1			1			Restaurant	warehouse sales too
55	14		1		1		1		Restaurant	
56	14	1	1			1			Service	
57	17	1	1			1			Manufacturing	4 empl & 2 owners
58	20	1	1		1		1		Manufacturing	owned by Fortune500
59	13		1	1			1		Merchandiser	
60	13	1	1		1		1			
61	18	1	1			1			Merchandiser	
62	8	1	1			1			Service	
Avg.	15.5806									
Total		37	60	16	37	17	45			