Chapter 23
Teaching Accounting and Management Through Business Simulation: A Case Study

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ABSTRACT

Everyday accounting and management teachers face the challenge of creating learning environments that motivate students. This chapter describes the Business Simulation (BS) experience that has taken place at the Polytechnic Institute of Porto, Institute of Accounting and Administration (IPP/ISCAP). The chapter presents students' perceptions about the course and the teaching/learning approach. The results show that pedagogical methods used (competency-oriented), generic competencies (cooperation and group work), and interpersonal skills (organisational and communication skills) are relevant for future accounting professionals. In addition, positive remarks and possible constraints based on observation, staff meetings, and past research are reported. The chapter concludes with some recommendations from the project implementation.

INTRODUCTION

In an era of increasing specialisation and professionalization higher education in accounting and management faces intense criticism for failing to impact useful vocationally-related competencies to students. This criticism comes from students, employers, alumni, business leaders and opinion makers. The focus

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of the criticism seems to be of the inadequacy of the vocational competencies accounting graduates possess (Finn, 1987; Bennis and O'Toole, 2005; Mill, 2007; Augier and March, 2007).

After the Bologna Process, changes occurred in the teaching/learning paradigm. From teaching-centred education which emphasises the acquisition and transmission of knowledge, we now focus more on learning-centred education, which put the onus on students to develop the capacity to learn. In the end, this new paradigm promotes a continuum of lifelong learning, in which the individual needs to be able to handle knowledge, to update it, to select what is appropriate for a particular context, to learn permanently and to understand how to learn in new and rapidly changing situations (Tuning Project, 2009).

One attempt to satisfy the criticism of stakeholders and face the challenges of the Bologna paradigm has been the experience developed at the Institute of Accounting and Administration at the Polytechnic Institute of Porto (ISCAP/IPP) regarding the teaching/learning of accounting and management. The course, named *Simulação Empresarial* (Business Simulation, BS), begun in the second semester of 2002/2003, offered in the first cycle degree of accounting and administration.

This course was chosen as the focus of this paper for three reasons. First, Business Simulation can be used to evaluate higher levels of learning, such as integrating material from several sources, critically evaluating data, contrasting and comparing information. Second, the course offers a wide range of teaching techniques (tutorials, class exercises, problem-solving sessions, work based practice, classroom based practical classes, etc.) administered by a supervisor and several instructors according to educational objectives. Third, the assessment of the course involves more than testing for cognitive achievement (work placement reports or diaries, financial analysis, professional portfolios, fieldwork reports). It also includes the evaluation of attitudes (performance of skills while being observed) and communication skills (oral presentations).

The paper is organised as follows. The next two sections provide a general framework about accountant's competencies. Section two reviews the relevant literature and section three discusses the subject in the context of European Higher Education Area (EHEA) and international organisations (AICPA and UNCTAD). The fourth section describes the Business Simulation course and the process of teaching, learning and assessment. Section five presents the methodology used in the evaluation of the project by students and the following section discuss the results. Section seven is dedicated to the evaluation of the project (positive remarks and possible constraints) and the paper concludes with some recommendations and conclusion.

ACCOUNTANT'S COMPETENCIES: A BRIEF LITERATURE REVIEW

A large stream of research in accounting education has tried to identify some important skills that accountants must have. Lin *et al*. (2005) investigated the perceptions of Chinese accounting practitioners, teachers, and students on the required knowledge, skills, and pedagogy for accounting education. The authors concluded that accounting practitioners emphasize written and oral communication skills, a relatively weak area that should be strengthened in Chinese accounting education. Survey evidence from Dutch practitioners (Bots *et al*., 2009) indicates that there may be three groups of competencies: basic, advanced and highly advanced. Basic competencies need to be present at graduation (e.g. written communication), advanced some years after the start of the career (e.g. financial management) and the highly advanced skills may be needed for Chief Financial Officer (CFO) candidates (e.g. project management).