The Pathways Commission

Vision for the First Academic Exposure to Accounting

G. Peter and Carolyn R. Wilson
AAA 2013
Polling Question 1

Have you seen the Pathways’ Vision?

a) Yes, at the annual meeting

b) Yes, at a region meeting

c) Yes, on-line or other venue

d) No, not yet
Contributors to the Pathways Vision Model:

- Sam Leno, formerly Boston Scientific
- David Moss, Citigroup - Citi Markets
- Leslie Knowlton, Deloitte
- Ellen Glazerman, Ernst & Young
- Dan Roam, Digital Roam, Inc.
- Lisa Koonce, University of Texas
- Julie Smith David, American Accounting Association
- Mike Tiller, Indiana University, Chair of Vision Committee
- Tracey Sutherland, American Accounting Association
- Carolyn Wilson, Boston College
- Pete Wilson, Boston College
A widely held perception of accounting is that it’s the process of “bean counting.”

Let’s see: Right... wrong...

THE ACCOUNTANT
Through this view, the public perceives accounting as a mechanical, black-or-white, right-or-wrong process.
Reality is that accounting plays a critical role in supporting a prosperous society.
This is the "Pathways Vision Model."
Often it is said that ...

Accounting is the language of business.
However, the public’s perception is narrow.

The public’s view of accounting following “black and white” rules, while essential, is only the grammar.
Rather...

A subtle aspect of accounting, like nuances in other languages, is that it both affects and is affected by the business reality and culture.
Critical Thinking
Polling Question 2

Are you currently teaching critical thinking?

a) No, I don’t have time

b) No, I don’t know how or where I can find resources

c) Yes, but I want to learn more

d) Yes, and I have ideas I can share

e) Other
Consequences of User Decisions
Prosperous Society
As educators, our goal is to shift the perception toward the reality.

The Perception

- Data
- Rules
- Black & White
- Right & Wrong
- Assets
- Liabilities
- Balance Sheet

The Reality

- Useful Information
- Critical Thinking
- Economic Activity
- Accounting Judgments
- Shades of Gray
- Prosperous Society

Education

The first course has the broadest impact.
Lastly, this accommodates diverse educational missions

- All of the elements of the model can be emphasized at various levels based on each school’s students and mission.

- We recommend the first course cover at least a general awareness of all of the elements and the ways they are connected.
Polling Question 3

All the elements within the Vision ...

a) Should be emphasized in the 1\textsuperscript{st} course

b) Should be introduced in the 1\textsuperscript{st} course

c) Can’t be introduced in an advanced course until covered in the 1\textsuperscript{st} course

d) Pertain to financial accounting only under US GAAP

e) None of the above
Pathways moves into the implementation activities

On behalf of the Pathways Commission, co-chairs Bill Ezzell and Mark Higgins are honored to announce the twelve Recommendation Leaders who will take the project into its next phase: Implementing recommendations set forth in the Pathways Commission Report released in August, 2012.

For the last two years, the Pathways Commission has been investigating ways to enhance the opportunities and relevance of the accounting education experience. With a mission to consider accounting education and the accounting profession in the broadest sense, the Commission has made six recommendations that are bold in their reach and demonstrate the need to address difficult and persistent issues (click the report cover to the right to download their full report). The Commission’s report also identifies deeply rooted impediments that must be overcome to empower the accounting discipline to meet the challenges and opportunities of the future.

Addressing these challenges and opportunities will require wisdom, creativity, and leadership from across the broad accounting community. For each of the six ongoing recommendations, two Recommendation Leaders have agreed to constitute task forces charged with implementing action items for each recommendation. As shown here, these leaders come from a wide range of organizations and have extensive, broad industry experiences (click the figure for a full size version):

---

**Task force updates**

**The Pathways Vision Model**

---

_Want to discuss the report? Just view the post, and enter a comment!_
Polling Question 4

What will be your next step?

a) Incorporate the Vision into my courses

b) Learn more about available resources at PathwaysCommission.org

c) Share ideas with others (AAAcommons.org)

d) All the above
THOUGHTS?

The Pathways Commission Vision Model at PathwaysCommission.org
How we teach the Vision...

- Entries
- Financial Statement Effects
- Ratio Effects
- Analysis
Entries: Owner’s Equity Change Map

Owners’ Equity Change Map

\[
\text{Assets} - \text{Liabilities} = \text{Owners' Equity}
\]

2012 fiscal year end
One-year performance period
2013 fiscal year end

Fiscal 2013 balance sheet change

\[
\Delta \text{Assets} - \Delta \text{Liabilities} = \Delta \text{Owners' Equity}
\]

Four Questions:
- Determine if net assets was affected by an event:
  - Should an asset be recognized?
  - Should an asset be derecognized?
  - Should a liability be recognized?
  - Should a liability be derecognized?
- If net assets, and thus owners’ equity, changed, use this map to identify what’s affected.

Transactions with owners during the period that changed the value of the net assets
- Contributions from owners
- Distributions to owners
- Comprehensive income
- Other events or circumstances during the period that changed the value of net assets
- Change in accounting policy and restatements

Net Profit (Loss)
- Other Comprehensive income
- Change in accounting policy and restatements

Income - Expenses
- Revenues + Gains - Ordinary Expenses - Losses
Statements and Ratios Effects: R&R Map
Analysis: Toulmin Model of Argumentation

THE TOULMIN MODEL OF ARGUMENTATION

The Toulmin Model of Argumentation, named after British philosopher Stephen Toulmin, provides an organizational structure for constructing critical and persuasive arguments, specifically for situations where there are no clear-cut right answers. This method involves six basic components that weigh and support the pros and cons relative to an argument. By applying the model, an argument is more reliable, credible, less susceptible to rebuttals, and in general more efficient and effective. Thus, the model is useful for ensuring arguments in written documents or presentations are structured logically; but it does not provide guidance needed to integrate your arguments into essays, broader case analyses, or slide shows. This is an art you can develop with experience.

Basic Six Components

<table>
<thead>
<tr>
<th>Claim</th>
<th>Evidence</th>
<th>Warrant</th>
<th>Backing</th>
<th>Counterargument/Rebuttal</th>
<th>Qualifier</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Assertion one wishes to prove.</td>
<td>• Support or rationale for the claim.</td>
<td>• The reason the evidence supports the claim: demonstrates the underlying connection between the evidence and claim.</td>
<td>• Tells audience the reasons the warrant is a rational one.</td>
<td>• Addresses potential objections to the claim.</td>
<td>• Adds limits, nuances, or specificity to the claim, helping to counter rebuttals.</td>
</tr>
</tbody>
</table>
Analysis: Analysis Considerations Map
Thank You

The Pathways Commission Vision Model at PathwaysCommission.org