

# The Use of Role-Playing in the Auditing Classroom

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**Abstract.** In order to create a real understanding of the auditing subject, which is commonly taught at the university level in North America and around the world, and to prepare the students for future employment in the field, the authors simulated a role-playing exercise in order to give students a concrete experience. Students were then asked to fill in questionnaires to analyze their perceptions of what they actually learned. Results, based on students' perception and our own observations, indicate that the students gained a better understanding of the actual audit process, including working with actual audit programs, and within an audit team. They obtained hands-on experience of interacting with "clients" and "superiors". Most of all, they learned how to perform in a highly unstructured and unpredictable environment, and coped with the real-life necessity of making decisions and conclusions on the spur of the moment.

**Keywords:** auditing education, role-playing, cooperative education, active learning techniques.

## 1. Introduction

Teaching auditing has historically been difficult due to many issues. First, there seems to be general disagreement between practitioners and academicians on the level of audit training accounting graduates should receive. Practitioners desire graduates with not only a theoretical basis in auditing, but some understanding of the practical side of the profession. Another complaint of practitioners is that university graduates have little expertise in interpersonal communication skills.<sup>1</sup>

Although changing, many academic professors have been accused of not seeing their role as one of training auditors. A survey of auditing professors reported that "two-thirds of the responding instructors state that their primary objective is to provide an 'overview' of auditing" and not to prepare students for an actual auditing set up.<sup>2</sup> This same study indicated that educators were aware

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1. Sale, M. L., Cheek, R. G., & Hatfield, R. (1999), "Accounting Student Perception of Characteristics Necessary for Success: A Comparison with Those Cited by Professionals, *Academy of Leadership Journal*, 3(2): pp. 20-27.
  2. Martin, J. W. & Whisnant, S. R. (1982), "Why Johnny Can't Audit", *The CPA Journal*, 52(11): pp. 10-16.

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that communicative abilities were important for students to obtain, but they did not appear eager to address the problem. Another study surveyed 223 university professors regarding ranking of topics taught in auditing courses. Based on the list of topics, it appears that teaching professional communication and interactive skills were not prioritized by auditing professors, which is inconsistent with the views of the accounting industry.<sup>3</sup>

Small to medium sized public accounting firms rely more extensively on the training employees receive during their academic years than do large public accounting firms. This segment of the public accounting industry represents the largest percentage of public accountants in the profession, and it is the largest growing segment of the industry. As such, the needs of the practitioners are becoming even more important for academic programs to address.

A second problem is that auditing is both theoretical and practical. "The literature is written from a broad-based, general perspective that includes a concise analytical view of the audit area under review, but it contains few detailed suggestions for implementation or audit action. In reality, however, the practicing auditor must perform precise and detailed actions."<sup>4</sup> One of the weakest aspects of teaching auditing in universities is the absence of concrete experience.<sup>5</sup> "Many students are unfamiliar with the business world...they have little or no experience with transactions and activities which constitute the subject matter of auditing."<sup>6</sup>

Presently, the trend at universities is to increasingly redesign curriculum to provide students real-world skills to succeed in the business world. The American Institute of Certified Public Accountants (AICPA), working closely with practitioners, published the *Core Competency Framework for Entry into the Accounting Profession (Framework)*, building on the foundation laid by the Accounting Education Change Commission (1989 - 1996), which stressed that educators were the key to any meaningful change.<sup>7</sup> In keeping with this theory, the AICPA set out to provide educators with the tools to ensure meaningful change by developing an open framework. In particular, practitioners argue that accounting education must promote the development of communication skills and teamwork skills.<sup>8</sup> Australian researchers uncovered that it is critical for

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3. Bryan, B. J. & Smith, L. M. (1997), "Faculty Perspectives of Auditing Topics", *Issues in Accounting Education*, 12(1): pp. 1-14.
  4. Brown, P. R. & Lint, P.E. (1982), "Co-Teaching: A Key to Auditing Instruction", *Journal of Accountancy*, 154(3): p. 94.
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  6. *Ibid*, p. 218
  7. Bolt-Lee, C. & Foster, S.D. (2003), "The Core Competency Framework: A New Element in the Continuing Call for Accounting Education Change in the United States", *Accounting Education Journal*, 12(1): pp. 33-47.
  8. Albrecht, W. S. & Sack, R. J. (2001), "The Perilous Future of Accounting Education", *The CPA Journal*, 71(3): pp. 16-23; Russell, K. A. & Smith, C. S. (2003), "Accounting Education's Role in Corporate Malfeasance: It's Time for a New Curriculum!" *Strategic Finance*, 85(6), 46-51.

accounting education to address areas with the greatest skills shortage: non-technical skills, such as teamwork, self-management, communication and problem solving.<sup>9</sup>

The purpose of this paper is to share the authors' experiences of using role-playing to promote active learning while teaching auditing and communicate the benefits and problems faced. Further, we provide an example of pedagogical materials that can be used in an auditing classroom as the fact pattern for a role-playing exercise.

## 2. Literature Review

A substantial body of literature exists in the Scholarship of Teaching and Learning (SoTL) regarding active learning (also referred to as collaborative learning or experiential learning) and the benefits to students from more intimate engagement in the learning process. Active learning is a teaching philosophy which promotes greater student involvement in the learning process. Research on accounting pedagogy in the past indicates that up until the early part of the 21<sup>st</sup> century, accounting classrooms were heavily instructor focused, and oriented towards passive involvement by students in learning.<sup>10</sup> A further challenge regarding active learning remains for accounting instructors in that accounting majors, who constitute the majority of the auditing classroom, appear to prefer passive learning environments to active learning exercises.<sup>11</sup> However, SoTL research indicates that a more cooperative approach, relying on student engagement, yields better outcomes in terms of knowledge attainment and retention of information.

Ulrich (2005) makes the argument that experiential learning is especially critical for conceptual understanding, and cites role playing, internships, case studies and simulations as tactics that help student bridge theory and practice. For accounting students in particular, research provides support for techniques that facilitate students obtaining "deep knowledge" defined as "relating of ideas to new concepts, and the capacity to think independently" rather than just "surface knowledge" (merely memorizing).<sup>12</sup> Further, for principles of accounting students, other researchers argue that active learning both in and out of the classroom supports lifelong learning and skill acquisition.<sup>13</sup> Team activity

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9. Hancock, P., Howieson, B., Kavanagh, M., Kent, J., Tempone, I., & Segal, N. (2009), *Accounting for the Future: More Than Numbers: A Collaborative Investigation into the Changing Skill Set for Professional Accounting Graduates over the Next Ten Years and Strategies for Embedding Such Skills into Professional Accounting Programs: Vols.1 and 2*. University of Western Australia, Perth, Western Australia
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