THE ACCOUNTING CONCEPTS BEING TAUGHT IN THE ACCOUNTING PRINCIPLES COURSES IN THE JUNIOR COLLEGES OF THE SOUTHERN GREAT PLAINS STATES

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CHAPTER I

SIGNIFICANCE OF THE STUDY AND METHODS AND PROCEDURES FOR SOLVING THE PROBLEM

This chapter consists of seven divisions: first, the introduction; second, significance of the study; third, statement of the problem; fourth, operational definitions; fifth, nature of the data; sixth, procedures for collecting the data; and seventh, procedure for processing, analyzing, and interpreting the data.

Introduction

The junior college faces a general curriculum problem by reason of its being an autonomous unit with its own basic educational philosophy and objectives, yet necessarily occupying a middle position between high school on the one hand and either industry or the four-year college on the other hand. Ideally, it is committed to meeting the complex social needs of the larger society as well as of its own community. It must be cognizant of the demands made by higher institutions and by industry.[1]

The first two semesters of elementary accounting, generally called accounting principles, are usually transferable from the junior college to the senior college. It is important that the

[1]Leland L. Medsker, The Education of American Businessmen (New York, 1959), pp. 638-661.

transfer student be adequately grounded in the basic accounting concepts. This emphasizes the need for good textbooks and good teaching.

The necessity for very close cooperation and articulation between two- and four-year colleges is apparent. The divided plan inherent in a system which utilizes two types of colleges cannot work to the advantage of the student unless there is a high degree of joint planning and of communication between and among the institutions involved.[2]

Accounting instructors must be acquainted with the considerable amount of new knowledge in the field in order to be able to properly train their students.

The first year college accounting course has been evolving in recent years away from preparation for public accounting and toward accounting as a tool for decision-making. There is an increasing demand from management for pertinent data. Many management decisions require information provided and interpreted by the accountant.[3] Thus, there is a trend away from the traditional financial accounting with emphasis on record keeping, and toward managerial accounting with emphasis on the understanding of basic concepts and principles.

Significance of the Study

The junior college accounting instructor occupies an extremely important position in the academic world. He must impart pertinent

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[2]Leland L. Medsker, Ibid., p. 1.

[3]Arthur E. Carlson, "Outcomes in Building a Foundation for Advanced Study in Bookkeeping and Accounting," National Business Education Yearbook, 1963, p. 229.

information to both terminal and transfer students. Students entering the business world should be equipped with the basic tools of accounting, and students transferring to senior colleges and universities must have the proper foundation to enter advanced accounting courses. To be successful, the junior college accounting instructor must be acquainted with new trends in accounting practice, with the expanding knowledge in the field, and with the peculiar needs of all of his students. He needs to be acquainted with the current literature. He may need to return to college for additional training.

Statement of the Problem

This study seeks to determine whether the junior college accounting instructor is availing himself and imparting to his students a significant amount of the wealth of new knowledge in the dynamic field of accounting.

The problem includes an evaluation of selected accounting concepts by junior college accounting instructors in the Southern Great Plains states as reflected by their opinions as to the importance of the concepts, an ascertainment of the inclusion or exclusion of the concepts in their teaching of elementary accounting principles, and a comparison of their opinions with those of a jury composed of accounting professors from universities in the Southern Great Plains states.

Operational Definitions

1. Accounting principles courses: The first two semester courses in college elementary accounting.
2. Southern Great Plains states: Includes the states of Kansas, Oklahoma, Colorado, Texas, and New Mexico.
3. Accounting concept: A practice, procedure, or general belief in the theory of accounting.
4. Financial accounting concept: An accounting practice or procedure related to the compilation of reports of significance to investors and parties outside the firm itself.
5. Managerial accounting concept: An accounting practice or procedure emphasizing analysis and interpretation of records as a means of decision making and control by parties within the firm.

Nature of the Data

The original population consisted of 86 junior colleges located in the five southern great plains states of Kansas, Oklahoma, Colorado, Texas, and New Mexico as listed in the Directory of United States Institutions of Higher Education, Fall, 1967, published by the United States Department of Health, Education and Welfare.

Six of the 86 colleges were eliminated from the study for various reasons. Metropolitan State College in Denver, Colorado, and Dallas Baptist College in Dallas, Texas, were then operating as four-year colleges; Christopher College in Corpus Christi, Texas, was no longer in operation; Concordia Lutheran College in Austin, Texas, and Schilling Institute in Salina, Kansas, did not offer a course in accounting; and Weatherford College in Weatherford, Texas, reported that they did not want to participate in the study.

Population for the study consists of 80 junior colleges in the five southern great plains states. Completed questionnaires were returned by 70 of the schools, a return of 87.5 percent.

The questionnaire (Appendix A) requested general data about the institution, accounting education and accounting experience of the instructor, the textbook being used in the accounting principles courses, structure of the accounting courses, an evaluation by the instructor of the importance of each of the thirty-three selected accounting concepts, and whether or not the instructor teaches the concepts in his accounting principles course.

Procedure for Collecting the Data

Three accounting professors at Oklahoma State University, Dr. Wilbur Ross, Dr. Norbert Terre, and Dr. Milton Usry, were asked to review the proposed questionnaire in order to help validate the instrument. Their suggestions were carefully considered and appropriate refinements were made in the proposed questionnaire.

In order to further validate the instrument, a pilot mailing of the questionnaire was made to five junior colleges in the state of Missouri, a state not included in the proposed study. These junior colleges were Crowder College in Neosho, Missouri; Florissant Valley Community College in Ferguson, Missouri; Metropolitan Junior College in Kansas City, Missouri; Jefferson College in Hillsboro, Missouri; and Mineral Area College in Leadington, Missouri. The questionnaire was mailed to the chairman of the department of business who was asked to complete the questionnaire were he an accounting instructor or to have it completed by a selected accounting instructor in his department. They were asked to include comments relating to the clarity and completeness of the instrument. All of the five pilot questionnaires were returned and were very well completed. No comments were forthcoming from the respondents. It was then determined that the instrument was suitable for mailing to the chosen population in the five southern great plains states.

A letter of inquiry (Appendix A) was sent to the academic dean of each of the 86 selected junior colleges on October 28, 1968, requesting the name of the business department head to whom the questionnaire could be sent. An addressed postal card was included with the letter of inquiry for the convenience of the respondent in entering the name and address of the department head. Replies were received from all of the schools. Four schools were eliminated from the population as a result of the survey. Two schools did not offer an accounting course; one school had evolved into a four-year college; and one school reported that it did not desire to participate in the study.

Eighty-two questionnaires were mailed to the department heads of the junior colleges in the southern great plains states on November 18, 1968. An accompanying letter (Appendix A) requested that the addressee refer the questionnaire to a selected accounting instructor in his institution were he not an accounting instructor. One of the questionnaires was returned with the notation that the school had been closed; another questionnaire was returned with the notation that the school was no longer a junior college but had been designated a four-year school. These two schools were eliminated from the study, reducing to 80 the population for this study.

A follow-up letter (Appendix A) was sent on December 13, 1968, to the schools which had not replied by that date. A second follow-up letter (Appendix A) was sent on January 10, 1969. A total of seventy questionnaires were utlimately received, a return of 87.5 percent. All seventy returned questionnaires were suitable for use in the study, although some were not completely filled out. Schools participating in the study are listed in Appendix B.

Questionnaires were mailed to the eight jurymen on November 22, 1968, with an accompanying letter (Appendix A) explaining the nature of the study and requesting participation in the study. A follow-up letter was sent out on December 14, 1968 (Appendix A). Completed questionnaires were received from the eight jurymen.

Procedure for Processing, Analyzing, and Interpreting the Data

Included in the questionnaire were thirty-three selected accounting concepts, twenty of which were financial concepts and thirteen of which were managerial concepts. The junior college accounting instructors and the jurymen were asked to evaluate the importance of each concept as "very important," "moderately important," "slightly important," or "unimportant."

The concepts listed were:

Matching of revenues and expenses
Continuing business or going concern
Controlling accounts and subsidiary ledgers
Internal control
Accepting notes at a discount
Discounting notes at the bank

Bank reconciliations
Petty cash
Depreciation and amortization
Adjusting entries
Reversing or readjusting entries
Inventory valuation
Estimating inventories
Bonus or goodwill in investment in partnership
Dissolution of partnership
Capital stock transactions
Treasury stock
Amortization of bond premium and discount
Ratio analysis
Departmentalized organization
Branch reciprocal accounting
Responsibility accounting
Equivalent finished units
Normal capacity as related to manufacturing overhead allocation and analysis
Present value
Absorption costing
Direct costing
Standard costs
Management by exception
Payback method for proposed capital expenditures
Return on investment for proposed capital expenditures
Discounted cash flow for proposed capital expenditures
Electronic data processing

After tabulating the data for the evaluations of importance of the accounting concepts as received from the junior college instructors and the jurymen, percentages were calculated for the responses checked in the four categories of importance for the thirty-three concepts.

The rationale for evaluating the respondents' opinions as to the importance of the accounting concepts is as follows:

A value of (3) was assigned to each "very important" response; a value of (2) to each "moderately important" response; and a value of (1) to each "slightly important" response. No value was given to an "unimportant" response. The assigned values were multiplied by the percentage of responses checked in each category. The values of the individual responses were totalled for each concept, and the sums thus obtained were used as the major criterion for ranking the concepts.

The concept with the highest total is considered to be the concept of greatest importance in the combined opinion of the population being studied; the concept with the lowest total is considered to be the one of least importance. The importance of any one concept relative to the other concepts is indicated by its position in the ranking. The rankings are presented in appropriate tables.

Tables also present the results of whether or not the concepts are taught by the junior college instructors and the jurymen. The tables are arranged to list the concepts from highest to lowest according to whether or not the concept is taught. The concept taught by the greatest number of respondents is ranked highest, and the concept taught by the least number of respondents is ranked lowest.

The results of the evaluations of importance of the concepts and the inclusion or exclusion of the concepts in the teaching of the respondents are compared in several ways.

First, the junior college instructors' evaluations are compared with the jury's evaluations, and the inclusion or exclusion of the concepts in the instructors' teaching is compared with that of the jury. The jury is composed of eight outstanding educators from universities of the southern great plains states (Appendix C). Because of their positions as outstanding university accounting professors, it was assumed that their evaluations of the concepts would reflect the current developments in the field of accounting.

Four variables of junior college instructors are then presented and their evaluations and teaching patterns are compared with the jurymen. The four variables are: size of the college, job experience in accounting, accounting education, and college accounting teaching experience.

CHAPTER II

REVIEW OF THE LITERATURE

Accounting is an important part of the business curriculum in all colleges. Medsker[4] found it to be the course most often required in the business program in junior colleges over the nation.

While accounting is considered necessary by educators, the courses are not always popular with the students. Too many beginning students in business schools have a very unfavorable impression of accounting, according to Malinosky.[5] They see it as very dull and routine work.

According to the Gordon and Howell report,[6] the amount of accounting typically required today is about the same as it was thirty years ago: one year of six semester units. The content and emphasis likely has undergone considerable change.

The importance of accounting as a system of information and control has long been accepted by businessmen and business educators. Statements to the effect that "accounting is the language of business" are commonplace but nonetheless true. It is not

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[4]Leland L. Medsker, Ibid., p. 1.

[5]A. T. Malinosky, "Improving Accounting Instruction," The Journal of Accountancy, (September, 1966), p. 85.

[6]Robert A. Gordon and James E. Howell, Higher Education for Business (New York, Columbia University Press, 1959), p. 194.

surprising, therefore, that accounting is a required field of study in every undergraduate business curriculum.

Despite universal acceptance of the need for accounting in business curricula, there is considerable dissatisfaction with the content of the accounting requirements. On this issue no concensus as yet exists, although a start seems to have been made on the road to eventual agreement.

The principal conflict concerns the extent to which students should be able to omit the procedural detail in the introductory course and move on to what is called managerial or interpretive accounting. This issue quickly becomes entwined with another. Should students majoring in accounting and other business students both take the same introductory course, or should the two groups be segregated? Involved herewith are serious administrative problems, including problems of financing and problems of scheduling.

Experimentation is needed, and it is probable that different schools will find different but equally acceptable answers. In general, according to the Gordon and Howell report,[7] answers should conform to the following three criteria:

(1) The non-accounting major should not be required to take more than a one-year course in accounting.

(2) The introductory course taken by non-accounting majors should minimize the time spent on procedural detail, emphasizing instead basic principles and theory and the use of accounting as a managerial tool.

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[7]Robert A. Gordon and James E. Howell, Ibid., p. 10.

(3) As part of his training in the informational and control uses of accounting, the business student should have some exposure to the subject matter now included in courses in cost accounting, budgeting, and analysis of financial statements.

In the Pierson report, Cox[8] warns that too much attention has been paid to introducing the student who intends to major in accounting to the field and too little to equipping the business administration student with a knowledge of underlying concepts, basic processes, and the role of accounting in the business world. While it is important that those majoring in accounting should become aware through the basic course of the underlying assumptions of accounting and the limitations of quantitative financial data, it is even more necessary that those who take only a single course in accounting should gain this knowledge. Students who continue in accounting will eventually become familiar with concepts and limitations through exposure to advanced principles, cost accounting, and specialized courses. Those who have mastered the techniques of elementary accounting but who have not acquired an understanding of concepts and standards as well as of the uses and limitations of accounting information will find themselves using financial statement data improperly later on.

Cox[9] also points out that programs in accounting, at both the undergraduate and graduate levels, have been dominated by professional

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[8]Robert G. Cox, The Education of American Businessmen (New York, 1959), pp. 355-369.

[9]Ibid.

accounting requirements to the neglect of management aspects of the subject.

Professionally oriented courses have, for the most part, been narrowly slanted with emphasis placed upon techniques and procedures. The problems and decisions that face the public accountant and the accountant in private industry require broad education in functional areas of business and government, an understanding of the human aspects of business, and an awareness of the responsibilities of business to society, as well as competence in accounting. Excessive specialization reduces the extent to which these requirements can be met.

A committee of the American Accounting Association reported in 1961 that many elementary accounting courses could be improved by a reduction of the procedural aspects and by a considerable increase in attention to interpretation and to managerial uses of accounting data.[10]

Writing in 1962, Markell[11] reasons that while there appears to be virtual agreement that all business majors should take accounting, there is certainly a lack of unanimity on the character or length of the course that these students should study. Many voices have been raised in protest against the so-called "typical" elementary accounting course. One of the principal reasons for discontent has been that the usual course in accounting principles was aimed at the

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[10]Committee on the Study of the Ford and Carnegie Foundation Reports, "Report of the Committee on the Study of the Ford and Carnegie Foundation Reports," The Accounting Review, (April, 1961) XXVI, pp. 192-193.

[11]William Markell, "The Business Major and Elementary Accounting," Journal of Business Education, XXXVIII (November, 1962), pp. 63-64.

accounting major, although a number of investigations have clearly demonstrated that the majority of students enrolled in elementary accounting have no intention of becoming accountants. It was the opinion of many that the non-majors in these courses were bored, reduced to memorization of procedures, and couldn't wait until the conclusion of the course.

The non-major ought to be able to understand and interpret accounting information, but a great divergence of opinion exists as to how to accomplish this end.

Some educators are convinced that the only way for these students to learn accounting properly is by taking a thorough course in the principles of accounting, including a number of the necessary techniques and mechanics. Others are quite as certain that a survey type of course with the emphasis on the managerial uses of accounting will train the business majors properly.

Among the needed reforms, according to Parker[12] is the deletion of most bookkeeping and special procedural matters in the introductory collegiate course in accounting. He suggests, for example, the elimination of special journals to allow time for more attention to broad, universally applicable principles.

It has been suggested by Reininga[13] that the debit and credit technique should be considerably reduced or eliminated in the

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[12] William M. Parker, "Upgrading the Elementary Accounting Course," The Accounting Review, XL, (April, 1965), pp. 452-453.

[13] Warren Reininga, "Approach to Elementary Accounting," The Accounting Review, XL, (January, 1965), pp. 211-213.

elementary course in accounting. This reliance on a record-keeping technique leads to an inadequate understanding of the underlying principles and concepts in the elementary course. Technique and methodology should be offered only to the majors after they have finished the elementary course.

Many writers point out the need for more attention to the needs of management in the teaching of accounting. Person[14] claims that the main aim of accounting is to provide management with reports on stewardship and responsibility.

Accounting represents a response to needs, and according to Cowan,[15] the concept of usefulness underlies accounting standards. Management needs information to use as a basis for decision making. An accounting system accumulating, classifying, analyzing and relating both financial and statistical data is the major source of managerial information. Administrative accounting is a response to managerial needs.

In a survey of member schools of the American Association of Collegiate Schools of Business, conducted in 1965, Bachman and Patten[16] reported a pronounced trend toward the integration of more management accounting into elementary accounting instruction. This trend is developing in a number of ways, for example (a) a decreasing emphasis on accumulation of data accompanied by an increasing

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[14] Samuel Person, "Elementary Accounting with a Systems Approach," The Accounting Review, XL, (April, 1965), p. 454.

[15] T. K. Cowan, "A Pragmatic Approach to Accounting Theory," The Accounting Review, XLIII, (January, 1968), pp. 94-95.

[16] Joseph W. Bachman and Ronald J. Patten, "Change and Elementary Accounting," Business Education Forum, (May, 1968), p. 28.

emphasis on the use of data, (b) an attempt on the part of some schools to make the second course in elementary accounting a course in cost accounting or administrative controls, and (c) an attempt to place primary emphasis on information systems.

It is interesting to note the parallel between managerial emphasis in elementary accounting and managerial services being offered by certified public accountants. Over the past ten years, an increasing percentage of the professional services rendered by CPA's has been in the area of managerial services. Thus, on both the educational and professional fronts, a managerial emphasis is developing.

Distinction between species of accountants seems to be the trend. Vatter,[17] for instance, suggests that the education of "public" and "management" accountants should be separated. This separation, however, should probably occur only at an advanced level.

Another matter to be considered is the emphasis placed on cost accounting in the elementary accounting courses. Usry[18] emphasizes that there should be more emphasis on cost accounting courses which would permit more depth and the treatment of additional topics in the cost courses. There must be a careful coordination with elementary accounting course content if a structured, efficient, and effective accounting curriculum is to be achieved.

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[17] William J. Vatter, "Education for the Management Accountant," NAA Bulletin, (October, 1962), p. 27.

[18] Milton F. Usry, "Recommended Design for Cost Courses," The Accounting Review, XL, (July, 1965), p. 659.

Concern for the image of the accountant is expressed by Charvonia[19] and he points out that many surveys have shown that accountants rank low among the professions as rated by the general public. In order to attract first-class students into the accounting field and into the accounting classroom, he sees a need to design our course so that it is broadening and interesting to them. He suggests that guest speakers with accounting experience should be brought into the classroom, and that oral and written reports should be assigned to students.

In 1959, Ernst[20] concluded that basically, instructional material as presented in accounting textbooks is sound in principle, but to the extent that current practices and procedures are not reflected, the textbooks are inadequate as the major source of information for preparing individuals to fulfill functions in accounting in both large and small business enterprises. Elementary accounting textbooks should include more instructional material relative to suitable records for small businesses that will be simple to maintain yet provide adequate information for management purposes. She insists that business teachers must be familiar with the current accounting practices used in businesses in their communities if they are to be certain that current practices are

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[19]Ronald Charvonia, "What Accounting Image Are You Creating," Journal of Business Education, XXXIX, (November, 1963), pp. 67-68.

[20]Wilma A. Ernst, An Analysis of Accounting Systems and Practices with Implications for Improvement of Instruction in Accounting, Ed.D. dissertation, Norman: The University of Oklahoma, 1959, University Microfilm No. 59-3358.

represented in the textbooks and in the instructional activities in their accounting courses.

Roy and MacNeill[21] report that intrinsically, accounting is a process of measuring and reporting various attributes of formal organizations. They point out that accounting exists in a socio-economic environment, serves a multitude of functions in that environment, and utilizes certain tools in that service, and that it is within this environmental and functional framework that the common body of knowledge of accounting must be conceived.

While they agree that accounting should be taught so as to develop the maximum ability to interpret and analyze accounting information, and that only a minimum of mechanical and repetitious work should be required, they conclude that accounting is not a subject that can be learned primarily in the abstract. The principle of "learning by doing" is applicable to this type of subject matter. Therefore, some amount of time must be spent in the learning of techniques in order to be able to better understand the uses of accounting information and some of its limitations.

The course should not be a survey course flitting from one topic to the next, but should emphasize the uses and limitations of accounting information as an aid in making business decisions. Some familiarity with the record-keeping aspects of accounting is necessary as accounting information cannot be fully comprehended without some knowledge of the methods of accumulating the information.

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[21]Robert H. Roy and James H. MacNeill, Horizons for a Profession (New York, 1967), p. 191.

Cohen[22] in 1960 cites the need for a definitive structure of accounting theory. He states that current practices should not serve as the basis for a structure of accounting theory. Instead, such structure should be developed logically with the objective of producing the most informative and useful reports to serve the needs of many interested groups. The foundation for a structure of accounting theory should be a series of postulates which are formulated on the basis of economic reality and sound reasoning, and not on the basis of the requirements of income determination and balance sheet valuation.

Elhamy[23] in 1965 adds that an examination of literature available in the fields of financial accounting, philosophy, and logic led to the proposal that a theory of financial accounting should provide adequate orientation as to the scope of accounting practice, and its limits and environments, describe the ideas of the field, state the postulates or the implied conditions, and explain the facts of the field, why these facts are treated in certain ways rather than others or why they might well be treated otherwise. Accounting principles cannot be logically developed before the development of the postulates, the postulates cannot be developed before developing the

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[22]Edwin Cohen, Some Aspects of the Structure of Accounting Theory, Ph.D. dissertation. Michigan State University, 1960, University Microfilm No. 60-6956.

[23]Mohamed A. Elhamy, An Inquiry Into the Nature and Elements of A System of Theory in Accountancy, Ph.D. dissertation. University of Illinois, 1965, University Microfilm No. 66-4171.

concepts of financial accounting, and the concepts cannot be developed before defining financial accounting and stating its axioms.

The accounting discipline does not have a fundamental foundation of basic theory supporting it, according to Johnson.[24] And, there is little in the way of fundamental theory to indicate how accounting should be taught. Basically accounting instruction should provide for the active participation by the student in a meaningful learning situation. A situation that allows the student to discover relationships and concepts for himself, and provides ample positive reward on an individualized basis, needs to be developed. He concludes that the accounting instructor must constantly keep in mind the individuality of the student and the interrelationships of the principles of learning, and that accounting instructors need to direct an increased proportion of their time to the problem of teaching methods.

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[24]Wayne A. Johnson, An Integration of Learning Theory and Accounting Education, Ph.D. dissertation: University of Illinois, 1965, University Microfilm No. 65-11,804.

CHAPTER III

EVALUATION OF 33 SELECTED ACCOUNTING CONCEPTS BY ACCOUNTING INSTRUCTORS IN THE JUNIOR COLLEGES OF THE SOUTHERN GREAT PLAINS STATES

Introduction

This chapter presents an evaluation of the relative importance of the 33 accounting concepts by the instructors and by the jurymen.

The chapter consists of six major divisions: first, relative importance of the 33 concepts as a whole; second, relative importance of the 20 financial concepts; third, relative importance of the 13 managerial concepts; fourth, the degree of importance attached to each of the 33 concepts by the instructors and by the jurymen; fifth, a discussion of the extent to which the 33 concepts are taught; and, sixth, the summary.

Relative Importance of the 33 Accounting Concepts

As explained in Chapter I, the concepts were listed in random order on a questionnaire; and for each concept, the respondent checked one of four categories of importance: "very important," "moderately important," "slightly important," or "unimportant."

The rationale for evaluating the respondents' opinions as to the importance of the accounting concepts is as follows:

A value of (3) was assigned to each "very important" response; a value of (2), to each "moderately important" response; and a value of (1), to each "slightly important" response. No value was given an "unimportant" response. The values of the individual responses were totalled for each concept, and the sums thus obtained were used as the major criterion for ranking the concepts.

The concept with the highest total is considered to be the concept of greatest importance in the combined opinion of the population being studied; the concept with the lowest total is considered to be the one of least importance. The importance of any one concept relative to the other concepts is indicated by its position in the ranking.

Relative Importance of the 33 Concepts According to the Instructors

The instructors attach greater importance to the financial-accounting concepts than to the managerial-accounting concepts (Table I). In the ranking that resulted from the instructors' responses, fourteen of the top fifteen concepts are financial-accounting concepts. The instructors attach particularly great importance to the concepts "adjusting entries," "depreciation and amortization," "matching of revenues and expenses," "controlling accounts and subsidiary ledgers," and "capital stock transactions." The principal reason for attaching such great importance to these five concepts is probably because these concepts are greatly emphasized in the textbooks that are being used by the instructors. Other financial concepts falling in the top ten in the ranking are

TABLE I

RELATIVE IMPORTANCE OF 33 SELECTED ACCOUNTING CONCEPTS ACCORDING TO JUNIOR COLLEGE ACCOUNTING INSTRUCTORS

Name of Concept	Ranking	Type of Concept	Weighted Value
Adjusting entries	1	Financial	292.8
Depreciation and amortization	2	Financial	279.4
Matching of revenues and expenses	2	Financial	279.4
Controlling accounts and subsidiary ledgers	4	Financial	269.5
Capital stock transactions	5	Financial	266.7
Inventory valuation	6	Financial	265.2
Bank reconciliations	7	Financial	250.0
Internal control	8	Managerial	242.0
Reversing or readjusting entries	9	Financial	241.8
Continuing business or going concern	10	Financial	233.9
Amortization of bond premium and discount	11	Financial	233.4
Equivalent finished units	12	Financial	224.5
Treasury stock	13	Financial	223.2
Discounting notes at the bank	14	Financial	218.8
Absorption costing	15	Financial	215.4
Responsibility accounting	16	Managerial	214.9
Ratio analysis	17	Managerial	214.0
Accepting notes at a discount	18	Financial	211.9
Direct costing	19	Managerial	211.3
Standard costs	20	Managerial	210.6
Dissolution of partnership	21	Financial	204.3
Electronic data processing	22	Financial	202.9
Petty cash	23	Financial	198.4
Present value	24	Managerial	197.6
Departmentalized organization	25	Managerial	192.3
Management by exception	26	Managerial	191.5
Return on investment for proposed capital expenditures	27	Managerial	188.4
Partnership bonus or goodwill in investment	28	Financial	184.6
Normal capacity as related to manufacturing overhead allocation and analysis	29	Managerial	184.1
Estimating inventories	30	Financial	183.5
Branch reciprocal accounting	31	Managerial	180.2
Discounted cash flow for proposed capital expenditures	32	Managerial	173.0
Payback method for proposed capital expenditures	33	Managerial	166.8

"inventory valuation," "bank reconciliations," "reversing or readjusting entries," and "continuing business or going concern."

The only managerial-accounting concept included in the top fifteen is "internal control," which ranks eighth. Following "internal control," the managerial-accounting concepts of highest rank are "responsibility accounting" (16th), "ratio analysis" (17th), "direct costing" (19th), and "standard costs" (20th).

Thus, the instructors are much more financial-accounting oriented than managerial-accounting oriented. The new emphasis on managerial-accounting concepts is only beginning to appear in the popular elementary accounting principles textbooks. Apparently junior college accounting instructors still consider the traditional financial-accounting concepts to be of greater importance.

Relative Importance of the 33 Concepts According to the Jurymen

While the instructors attach greater importance to the financial-accounting concepts, the jurymen attach greater importance to the managerial-accounting concepts. The jurymen's ranking includes six managerial-accounting concepts among the top fifteen (Table II), whereas the instructors' ranking includes only one. In the jurymen's list, "responsibility accounting" ranks the highest of all the managerial concepts in the jurymen's list. Next in order of relative importance are: "internal control," "present value," "management by exception," "payback method for proposed capital expenditures," and "return on investment for proposed capital

TABLE II

RELATIVE IMPORTANCE OF 33 SELECTED ACCOUNTING CONCEPTS
ACCORDING TO JURYMEN

Name of Concept	Ranking	Type of Concept	Weighted Value
Matching of revenues and expenses	1	Financial	300.0
Inventory valuation	1	Financial	300.0
Depreciation and amortization	3	Financial	287.5
Adjusting entries	3	Financial	287.5
Continuing business or going concern	5	Financial	262.5
Capital stock transactions	6	Financial	225.0
Responsibility accounting	6	Managerial	225.0
Absorption costing	6	Financial	225.0
Electronic data processing	6	Financial	225.0
Internal control	10	Managerial	212.5
Present value	10	Managerial	212.5
Management by exception	10	Managerial	212.5
Payback method for proposed capital expenditures	13	Managerial	200.0
Return on investment for proposed capital expenditures	13	Managerial	200.0
Bank reconciliations	15	Financial	187.5
Direct costing	16	Managerial	175.0
Discounted cash flow for proposed capital expenditures	17	Managerial	162.5
Treasury stock	17	Financial	162.5
Ratio analysis	17	Managerial	162.5
Amortization of bond premium and discount	20	Financial	150.0
Estimating inventories	21	Financial	142.9
Petty cash	22	Financial	137.5
Equivalent finished units	22	Financial	137.5
Standard costs	22	Managerial	137.5
Normal capacity as related to manufacturing overhead allocation and analysis	25	Managerial	125.0
Controlling accounts and subsidiary ledgers	25	Financial	125.0
Dissolution of partnership	27	Financial	114.4
Reversing or readjusting entries	28	Financial	100.0
Accepting notes at a discount	29	Financial	85.8
Discounting notes at the bank	29	Financial	85.8
Departmentalized organization	31	Managerial	85.7
Bonus or goodwill in investment in partnership	32	Financial	57.2
Branch reciprocal accounting	33	Managerial	42.9

expenditures." The following tabulation of jurymen's and instructors' rankings highlights the disagreement between instructors and jurymen regarding the managerial accounting concepts:

Concept	Jurymen	Instructors
Responsibility accounting	6	16
Internal control	10	8
Present value	10	24
Management by exception	10	26
Payback method for proposed capital expenditures	13	33
Return on investment for proposed capital expenditures	13	27

The jurymen do attach particularly great importance to the five financial-accounting concepts of "matching of revenues and expenses," "inventory valuation," "depreciation and amortization," "adjusting entries," and "continuing business or going concern." The very high numerical values of these concepts results from the fact that most of the jurymen checked them "very important." These fundamental concepts are considered vital in the understanding of accounting principles.

Three other financial-accounting concepts that rank among the top ten on the jurymen's list are "capital stock transactions," "absorption costing," and "electronic data processing."

Although the instructors are more financial-accounting oriented than the jurymen--as evidenced by the fact that the instructors' list includes fourteen financial-accounting concepts in the top fifteen, whereas the jurymen's list includes only nine--the instructors and the jurymen do place similar importance on four of the financial-accounting concepts. On both rankings, the following four concepts are included among the top six: "adjusting entries," "depreciation and amortization," "matching of revenues and expenses," and "capital stock transactions."

Some highly publicized studies in business education have been critical of elementary accounting education.[23] They have recommended more attention to the managerial accounting area. Current accounting literature, as well as other business education literature, advocates the need for the teaching of more managerial-accounting concepts in the elementary accounting principles courses. The jurymen seem to reflect the recommendations contained in the current accounting literature, even though the popular accounting textbooks have been slow to include managerial-accounting concepts.

A discussion of the relative importance of the 20 financial-accounting concepts follows.

Relative Importance of the 20 Financial Accounting Concepts

The instructors' ranking of the financial-accounting concepts is shown in Table III. For comparison, the jurymen's ranking is also shown.

Areas of Agreement Between the Instructors and the Jurymen

The instructors and the jurymen attach considerable importance to the concepts "adjusting entries," "matching of revenues and

[23] Ibid., pp. 8, 9.

TABLE III

RELATIVE IMPORTANCE OF 20 FINANCIAL ACCOUNTING CONCEPTS
ACCORDING TO JUNIOR COLLEGE INSTRUCTORS
AND JURYMEN

	Junior College Instructors		Jurymen	
Name of Concept	Ranking	Weighted Value	Ranking	Weighted Value
Adjusting entries	1	292.8	3	287.5
Matching of revenues and expenses	2	279.4	1	300.0
Depreciation and amortization	2	279.4	3	287.5
Controlling accounts and subsidiary ledgers	4	269.5	15	125.0
Capital stock transactions	5	266.7	6	225.0
Inventory valuation	6	265.2	1	300.0
Bank reconciliations	7	250.0	9	187.5
Reversing or readjusting entries	8	241.8	17	100.0
Continuing business or going concern	9	233.9	5	262.5
Amortization of bond premium and discount	10	233.4	11	150.0
Equivalent finished units	11	224.5	13	137.5
Treasury stock	12	223.2	10	162.5
Discounting notes at the bank	13	218.8	18	85.8
Absorption costing	14	215.4	6	225.0
Accepting notes at a discount	15	211.9	18	85.8
Dissolution of partnership	16	204.3	16	114.4
Electronic data processing	17	202.9	6	225.0
Petty cash	18	198.4	13	137.5
Bonus or goodwill in investment in partnership	19	184.6	20	57.2
Estimating inventories	20	183.5	12	142.9

expenses," "depreciation and amortization," "capital stock transactions," and "inventory valuation." Both rankings include these five financial-accounting concepts among the top six.

Both the instructors and the jurymen attach little importance to "accepting notes at a discount," "dissolution of partnership," and "bonus or goodwill in investment in partnership." These concepts rank near the bottom in both lists.

The instructors and the jurymen agree in general on the importance of "amortization of bond premium and discount," "equivalent finished units," and "treasury stock." These concepts rank at approximately the middle in both lists.

The instructors and the jurymen agree in general on the relative importance of twelve of the twenty financial-accounting concepts. This agreement exists at the top, middle, and bottom of the listings. Thus, both groups seem to recognize that certain basic financial-accounting concepts are essential in the understanding of accounting principles. The concepts that rank low probably are not considered to be unimportant, but rather are concepts which should be developed in advanced courses in accounting.

Areas of Disagreement Between the Instructors and the Jurymen

The instructors and the jurymen disagree markedly on the importance of "controlling accounts and subsidiary ledgers" and "electronic data processing. On the instructors' list, "controlling accounts and subsidiary ledgers" ranks fourth; on the jurymen's list, fifteenth. On the instructors' list, "electronic data processing" ranks seventeenth; on the jurymen's list, sixth. The two groups also disagree almost as strongly as to the importance of "reversing or readjusting entries" and "absorption costing." And, the groups differ in their opinions of other concepts. A comparison of the dissimilar rankings follows:

Concept	Instructors' Ranking	Jurymen's Ranking
Controlling accounts and subsidiary ledgers	4	15
Electronic data processing	17	6
Reversing or readjusting entries	8	17
Absorption costing	14	6
Estimating inventories	20	12
Petty cash	18	13
Discounting notes at the bank	13	18
Continuing business or going concern	9	5

The strong disagreement as to the importance of "controlling accounts and subsidiary ledgers," "electronic data processing," "reversing or readjusting entries," and "absorption costing," reflects the newer emphases in accounting principles. The jurymen recognize the growing importance of "electronic data processing" and of cost accounting; they apparently believe greater treatment of these concepts is needed in elementary accounting principles. The jurymen also believe that "reversing or readjusting entries" is of lessening importance; many practicing accountants do not use "reversing or readjusting entries." And, the jurymen apparently feel that "controlling accounts and subsidiary ledgers" is a simple concept that is of much less importance than many others.

An evaluation of the relative importance of the 13 managerial concepts follows.

Evaluation of the 13 Managerial-Accounting Concepts

The instructors' rankings of the thirteen managerial-accounting concepts are shown in order of importance. (Table IV) For comparison, the jurymen's ranking is also indicated for each concept.

Areas of Agreement Between the Instructors and the Jurymen

The instructors and the jurymen evaluate four of the thirteen managerial concepts very similarly. In the instructors' ranking of the thirteen managerial concepts, "internal control" ranks first and "responsibility accounting" second; on the jurymen's ranking, "responsibility accounting" ranks first and "internal control" second. The instructors and the jurymen agree that "branch reciprocal accounting" and "normal capacity as related to manufacturing overhead allocation and analysis" are relatively unimportant in elementary accounting.

The concept "internal control" has been recognized in textbooks for many years and is basic to good accounting practice. The concept "responsibility accounting" is strongly emphasized in advanced accounting, but is relatively new in the elementary accounting textbooks. It is interesting that the instructors have recognized the importance of "responsibility accounting."

Both the instructors and the jurymen seem to believe that "branch reciprocal accounting" and "normal capacity as related to manufacturing overhead allocation and analysis" should be postponed until advanced accounting classes.

TABLE IV

RELATIVE IMPORTANCE OF 13 MANAGERIAL ACCOUNTING CONCEPTS ACCORDING TO JUNIOR COLLEGE INSTRUCTORS AND JURYMEN

Name of Concept	Junior College Instructors Ranking	Junior College Instructors Weighted Value	Jurymen Ranking	Jurymen Weighted Value
Internal control	1	242.0	2	212.5
Responsibility accounting	2	214.9	1	225.0
Ratio analysis	3	214.0	8	162.5
Direct costing	4	211.3	7	175.0
Standard costs	5	210.6	10	137.5
Present value	6	197.6	2	212.5
Departmentalized organization	7	192.3	12	85.7
Management by exception	8	191.5	2	212.5
Return on investment method for proposed capital expenditures	9	188.4	5	200.0
Normal capacity as related to manufacturing overhead allocation and analysis	10	184.1	11	125.0
Branch reciprocal accounting	11	180.2	13	42.9
Discounted cash flow method for proposed capital expenditures	12	173.0	8	162.5
Payback method for proposed capital expenditures	13	166.8	5	200.0

Areas of Disagreement Between the Instructors and the Jurymen

In general, the instructors disagree with the jurymen on the importance of nine of the thirteen managerial concepts. "Ratio analysis," "direct costing," and "standard costs" rank third, fourth, and fifth in the instructors' ranking, whereas "present value," "management by exception," and "return on investment for proposed capital expenditures" rank third, fourth, and fifth on the jurymen's ranking. Also, "discounted cash flow for proposed capital expenditures," and "payback method for proposed capital expenditures" rank at the bottom of the instructors' list, whereas they rank fifth and eighth, respectively, on the jurymen's list. The instructors attach much more importance to the concept "departmentalized organization" than do the jurymen, in that on the instructors' list it ranks seventh whereas on the jurymen's list it ranks twelfth.

Perhaps these differences of opinion result from the likelihood that the instructors are not as familiar with the managerial-accounting concepts as are the jurymen. Only in recent years have most of these managerial concepts begun to appear in the popular elementary accounting textbooks. The jurymen, composed of leading accounting professors in the universities of the southern great plains states, are perhaps more familiar with the current literature and with the trends being formulated in accounting education.

In following pages, each of the 33 concepts is discussed separately.

The Degree of Importance Attached to Each of the 33 Concepts by the Instructors and by the Jurymen

The following discussion is included to show the degree of importance that instructors and jurymen attach to each of the 33 concepts.

1. Adjusting entries (financial)

The concept ranks high on both the instructors' and jurymen's list largely because both groups believe it to be very important. (Table V)

TABLE V

THE IMPORTANCE OF THE CONCEPT "ADJUSTING ENTRIES"

Category of Importance	Number and Percentage of Persons Checking the Category			
	Instructors		Jurymen	
	No.	Percent	No.	Percent
Very Important	64	92.8	7	87.5
Moderately Important	5	7.2	1	12.5
Slightly Important	-	-	-	-
Unimportant	-	-	-	-
Total	69	100.0	8	100.0
	(Rank, 1)		(Rank, 3)	

Sixty-four, or 92.8 percent, of the instructors and seven of the eight jurymen believe "adjusting entries" is very important.

2. Depreciation and amortization (financial)

This concept also ranks high on both the instructors' and jurymen's lists because both groups believe it to be very important. (Table VI)

TABLE VI

THE IMPORTANCE OF THE CONCEPT "DEPRECIATION AND AMORTIZATION"

Category of Importance	Number and Percentage of Persons Checking the Category			
	Instructors		Jurymen	
	No.	Percent	No.	Percent
Very Important	54	79.4	7	87.5
Moderately Important	14	20.6	1	12.5
Slightly Important	-	-	-	-
Unimportant	-	-	-	-
Total	68	100.0	8	100.0
	(Rank, 2)		(Rank, 3)	

Fifty-four, or 79.4 percent, of the instructors and all but one of the jurymen believe this financial-accounting concept is very important. The remaining fourteen, or 20.6 percent, of the instructors and the other jurymen rank this concept as moderately important.

3. Matching of revenues and expenses (financial)

All of the instructors consider this financial-accounting concept to be at least moderately important (Table VII). Fifty, or 79.4 percent, of the instructors and all eight of the jurymen rank it as very important.

TABLE VII

THE IMPORTANCE OF THE CONCEPT "MATCHING OF REVENUES AND EXPENSES"

Category of Importance	Instructors No.	Instructors Percent	Jurymen No.	Jurymen Percent
	Number and Percentage of Persons Checking the Category			
Very Important	50	79.4	8	100.0
Moderately Important	13	20.6	-	-
Slightly Important	-	-	-	-
Unimportant	-	-	-	-
Total	63	100.0	8	100.0
	(Rank, 2)		(Rank, 1)	

4. Controlling accounts and subsidiary ledgers (financial)

The instructors consider this financial-accounting concept to be much more important than do the jurymen (Table VIII). Whereas 98.5 percent of the instructors consider "controlling accounts and

TABLE VIII

THE IMPORTANCE OF THE CONCEPT "CONTROLLING ACCOUNTS AND SUBSIDIARY LEDGERS"

Category of Importance	Instructors No.	Instructors Percent	Jurymen No.	Jurymen Percent
	Number and Percentage of Persons Checking the Category			
Very Important	49	71.0	1	12.5
Moderately Important	19	27.5	2	25.0
Slightly Important	1	1.5	3	37.5
Unimportant	-	-	2	25.0
Total	69	100.0	8	100.0
	(Rank, 4)		(Rank, 25)	

subsidiary ledgers" to be very important or moderately important, only three of the eight jurymen place more than slight importance on this concept.

While the instructors consider "controlling accounts and subsidiary ledgers" to be very important, probably because of emphasis in the leading textbooks, five of the eight jurymen attach less than moderate importance to it. Two of the jurymen evaluated it as unimportant. The jurymen apparently consider the concept to be a relatively simple one.

5. Capital stock transactions (financial)

The instructors and the jurymen attach approximately equal importance to this financial-accounting concept. (Table IX)

TABLE IX

THE IMPORTANCE OF THE CONCEPT "CAPITAL STOCK TRANSACTIONS"

Category of Importance	Number and Percentage of Persons Checking the Category			
	Instructors		Jurymen	
	No.	Percent	No.	Percent
Very Important	48	69.6	3	37.5
Moderately Important	19	27.5	4	50.0
Slightly Important	2	2.9	1	12.5
Unimportant	-	-	-	-
Total	69	100.0 (Rank, 5)	8	100.0 (Rank, 6)

Sixty-seven, or 97.1 percent, of the instructors and all but one of the jurymen rank it as either very important or moderately important.

6. Inventory valuation (financial)

The instructors and the jurymen agree, essentially, on the importance of this financial-accounting concept (Table X). All of

TABLE X

THE IMPORTANCE OF THE CONCEPT "INVENTORY VALUATION"

Category of Importance	Number and Percentage of Persons Checking the Category			
	Instructors		Jurymen	
	No.	Percent	No.	Percent
Very Important	47	68.1	8	100.0
Moderately Important	20	29.0	-	-
Slightly Important	2	2.9	-	-
Unimportant	-	-	-	-
Total	69	100.0	8	100.0
	(Rank, 6)		(Rank, 1)	

the jurymen and forty-seven, or 68.1 percent, of the instructors evaluate "inventory valuation" as very important.

7. Bank reconciliations (financial)

The instructors evaluate this financial-accounting concept as more important than do the jurymen (Table XI). Forty-two, or 61.8 percent, of the instructors believe "bank reconciliations" is very important, but only three of the eight jurymen agree. The jurymen disagree among themselves as to the importance of this concept. Although the leading textbooks place heavy emphasis on this concept, some of the jurymen seem to feel that "bank reconciliations" is not sufficiently important to be included in accounting principles.

TABLE XI

THE IMPORTANCE OF THE CONCEPT
"BANK RECONCILIATIONS"

Category of Importance	Number and Percentage of Persons Checking the Category			
	Instructors		Jurymen	
	No.	Percent	No.	Percent
Very Important	42	61.8	3	37.5
Moderately Important	19	27.9	2	25.0
Slightly Important	6	8.8	2	25.0
Unimportant	1	1.5	1	12.5
Total	68	100.0	8	100.0
	(Rank, 7)		(Rank, 15)	

8. Internal control (managerial)

The instructors and the jurymen agree, essentially, on the importance of this managerial concept. (Table XII) Thirty-five,

TABLE XII

THE IMPORTANCE OF THE CONCEPT
"INTERNAL CONTROL"

Category of Importance	Number and Percentage of Persons Checking the Category			
	Instructors		Jurymen	
	No.	Percent	No.	Percent
Very Important	35	50.7	4	50.0
Moderately Important	28	40.6	1	12.5
Slightly Important	6	8.7	3	37.5
Unimportant	-	-	-	-
Total	69	100.0	8	100.0
	(Rank, 8)		(Rank, 10)	

or 50.7 percent, of the instructors and four of the eight jurymen consider "internal control" to be very important.

9. Reversing or readjusting entries (financial)

On the instructors' ranking, this financial concept ranks rather high, whereas on the jurymen's ranking, it ranks rather low. (Table XIII) Whereas thirty-seven, or 55.2 percent, of the instructors think the concept is very important, none of the jurymen think so. Three of the jurymen classify it as unimportant.

TABLE XIII

THE IMPORTANCE OF THE CONCEPT "REVERSING OR READJUSTING ENTRIES"

Category of Importance	Number and Percentage of Persons Checking the Category: Instructors No.	Instructors Percent	Jurymen No.	Jurymen Percent
Very Important	37	55.2	-	-
Moderately Important	21	31.4	3	42.9
Slightly Important	9	13.4	1	14.2
Unimportant	-	-	3	42.9
Total	67	100.0 (Rank, 9)	7	100.0 (Rank, 28)

Although the instructors follow the textbooks in placing strong emphasis on "reversing or readjusting entries," the opinions of the jurymen seem to reflect the fact that many accountants do not use this concept in accounting practice.

10. Continuing business or going concern (financial)

The instructors consider this financial concept to be only slightly less important than do the jurymen (Table XIV). Fifty-seven,

TABLE XIV

THE IMPORTANCE OF THE CONCEPT "CONTINUING BUSINESS OR GOING CONCERN"

Category of Importance	Instructors No.	Instructors Percent	Jurymen No.	Jurymen Percent
	Number and Percentage of Persons Checking the Category			
Very Important	30	46.2	5	62.5
Moderately Important	27	41.5	3	37.5
Slightly Important	8	12.3	-	-
Unimportant	-	-	-	-
Total	65	100.0 (Rank, 10)	8	100.0 (Rank, 5)

or 87.7 percent, of the instructors and all eight of the jurymen think it is either very important or moderately important. A few instructors do not seem to understand the generally recognized importance of this concept. This has been a basic concept in accounting principles.

11. Amortization of bond premium and discount (financial)

The instructors consider this financial concept to be of considerably greater importance than do the jurymen (Table XV). Thirty-one, or 47.0 percent, of the instructors think it is very important, but none of the jurymen think so. This concept still is strongly emphasized in the leading textbooks, and apparently the instructors follow this direction; but some of the jurymen apparently believe that the concept is not particularly important to elementary accounting students and probably should be a subject of advanced accounting courses.

TABLE XV

THE IMPORTANCE OF THE CONCEPT "AMORTIZATION OF BOND PREMIUM AND DISCOUNT"

Category of Importance	Instructors No.	Instructors Percent	Jurymen No.	Jurymen Percent
	Number and Percentage of Persons Checking the Category			
Very Important	31	47.0	-	-
Moderately Important	26	39.4	5	62.5
Slightly Important	9	13.6	2	25.0
Unimportant	-	-	1	12.5
Total	66	100.0 (Rank, 11)	8	100.0 (Rank, 20)

12. Equivalent finished units (financial)

The instructors place much greater importance on this financial-accounting concept than do the jurymen (Table XVI). Twenty, or

TABLE XVI

THE IMPORTANCE OF THE CONCEPT "EQUIVALENT FINISHED UNITS"

Category of Importance	Instructors No.	Instructors Percent	Jurymen No.	Jurymen Percent
	Number and Percentage of Persons Checking the Category			
Very Important	20	35.1	-	-
Moderately Important	32	56.1	4	50.0
Slightly Important	4	7.0	3	37.5
Unimportant	1	1.8	1	12.5
Total	57	100.0 (Rank, 12)	8	100.0 (Rank, 22)

35.1 percent, of the instructors believe the concept is very important, none of the jurymen believe it is very important. Fifty-two, or 91.2 percent, of the instructors evaluate the concept as either very important or moderately important, while only four of the eight jurymen do so. "Equivalent finished units" is an important basic concept in process cost accounting and is included in the leading elementary accounting textbooks. The textbook influence seems to be reflected in the ranking of the instructors. Four of the jurymen seem to think the concept should be postponed to advanced accounting courses.

13. Treasury stock (financial)

The instructors' evaluation of the importance of this concept is not greatly different from the overall ranking of the jurymen's evaluation (Table XVII). However, twenty-four, or 34.8 percent, of

TABLE XVII

THE IMPORTANCE OF THE CONCEPT "TREASURY STOCK"

	Number and Percentage of Persons Checking the Category			
	Instructors		Jurymen	
Category of Importance	No.	Percent	No.	Percent
Very Important	24	34.8	-	-
Moderately Important	37	53.6	5	62.5
Slightly Important	8	11.6	3	37.5
Unimportant	-	-	-	-
Total	69	100.0	8	100.0
	(Rank, 13)		(Rank, 17)	

the instructors believe this financial concept is very important, while none of the jurymen think so. Also, thirty-seven, or 53.6 percent, of the instructors believe it is moderately important, while five of the eight jurymen believe so. Eight, or 11.6 percent, of the instructors, and three of the eight jurymen believe the concept is only slightly important. Some of the instructors perhaps believe this corporation accounting concept is very important because it is included in the textbooks, but the jurymen consider it as of only average importance to elementary accounting students. The jurymen probably believe it is more important to advanced accounting students.

14. Discounting notes at the bank (financial)

The instructors place much greater importance on this financial concept than do the jurymen (Table XVIII). Twenty-five, or 36.2 percent,of the instructors believe the concept is very important

TABLE XVIII

THE IMPORTANCE OF THE CONCEPT "DISCOUNTING NOTES AT THE BANK"

	Number and Percentage of Persons Checking the Category			
	Instructors		Jurymen	
Category of Importance	No.	Percent	No.	Percent
Very Important	25	36.2	-	-
Moderately Important	32	46.4	3	42.9
Slightly Important	12	17.4	-	-
Unimportant	-	-	4	57.1
Total	69	100.0	7	100.0
	(Rank, 14)		(Rank, 29)	

while none of the jurymen think so. On the other hand, four of the jurymen consider "discounting notes at the bank" to be unimportant.

The instructors probably are influenced by the strong emphasis placed on this concept in the textbooks. The jurymen probably believe this concept is a more proper subject for advanced accounting.

15. Absorption costing (financial)

The instructors place only slightly less importance on this financial-accounting concept than do the jurymen (Table XIX). Forty-four, or 84.6 percent, of the instructors and all of the jurymen believe "absorption costing" as either very important or moderately important.

TABLE XIX

THE IMPORTANCE OF THE CONCEPT "ABSORPTION COSTING"

Category of Importance	Number and Percentage of Persons Checking the Category			
	Instructors		Jurymen	
	No.	Percent	No.	Percent
Very Important	16	30.8	2	25.0
Moderately Important	28	53.8	6	75.0
Slightly Important	8	15.4	-	-
Unimportant	-	-	-	-
Total	52	100.0	8	100.0
	(Rank, 15)		(Rank, 6)	

The instructors and the jurymen no doubt recognize the growing importance of cost accounting and therefore believe this concept should be emphasized in elementary accounting.

16. Responsibility accounting (managerial)

The instructors evaluate this managerial-accounting concept to be of considerably less importance than do the jurymen (Table XX). Only eighteen, or 38.3 percent, of the instructors believe this concept is very important; on the other hand, four of the eight jurymen think it is very important.

TABLE XX

THE IMPORTANCE OF THE CONCEPT
"RESPONSIBILITY ACCOUNTING"

Category of Importance	Number and Percentage of Persons Checking the Category			
	Instructors		Jurymen	
	No.	Percent	No.	Percent
Very Important	18	38.3	4	50.0
Moderately Important	22	46.8	2	25.0
Slightly Important	3	6.4	2	25.0
Unimportant	4	8.5	-	-
Total	47	100.0	8	100.0
	(Rank, 16)		(Rank, 6)	

On the jurymen's ranking, this concept ranks highest and on the instructors' ranking it ranks second highest among the managerial-accounting concepts. The higher overall ranking on the jurymen's list reflects the jurymen's recognition of the current emphasis on managerial accounting in the major universities.

17. Ratio analysis (financial)

The instructors and the jurymen agree as to the importance of this financial concept. (Table XXI). Fifty-two, or 81.2 percent, of

TABLE XXI

THE IMPORTANCE OF THE CONCEPT "RATIO ANALYSIS"

Category of Importance	Number and Percentage of Persons Checking the Category			
	Instructors		Jurymen	
	No.	Percent	No.	Percent
Very Important	21	32.8	1	12.5
Moderately Important	31	48.4	3	37.5
Slightly Important	12	18.8	4	50.0
Unimportant	-	-	-	-
Total	64	100.0	8	100.0
	(Rank, 17)		(Rank, 17)	

the instructors, and four of the eight jurymen rank "ratio analysis" as either very important or moderately important.

18. Accepting notes at a discount (financial)

The instructors consider this financial concept to be of much greater importance than do the jurymen (Table XXII). Twenty-four, or 35.8 percent, of the instructors think it is very important, but none of the jurymen think so. Four of the jurymen believe the concept is unimportant. The jurymen apparently feel that "accepting notes at a discount" is not an appropriate concept for elementary accounting students, but that it should be introduced in an advanced accounting course.

TABLE XXII

THE IMPORTANCE OF THE CONCEPT "ACCEPTING NOTES AT A DISCOUNT"

Category of Importance	Instructors No.	Instructors Percent	Jurymen No.	Jurymen Percent
	Number and Percentage of Persons Checking the Category			
Very Important	24	35.8	-	-
Moderately Important	29	43.3	3	42.9
Slightly Important	12	17.9	-	-
Unimportant	2	3.0	4	57.1
Total	67	100.0	7	100.0
	(Rank, 18)		(Rank, 29)	

19. Direct costing (managerial)

The instructors and the jurymen attach approximately equal importance to this managerial-accounting concept (Table XXIII).

TABLE XXIII

THE IMPORTANCE OF THE CONCEPT "DIRECT COSTING"

Category of Importance	Instructors No.	Instructors Percent	Jurymen No.	Jurymen Percent
	Number and Percentage of Persons Checking the Category			
Very Important	15	28.3	3	37.5
Moderately Important	29	54.7	1	12.5
Slightly Important	9	17.0	3	37.5
Unimportant	-	-	1	12.5
Total	53	100.0	8	100.0
	(Rank, 19)		(Rank, 16)	

Fifteen, or 28.3 percent, of the instructors and three of the eight jurymen believe the concept is very important.

20. Standard costs (managerial)

The instructors and the jurymen agree, essentially, on the importance of the this managerial concept (Table XXIV). Twenty-seven,

TABLE XXIV

THE IMPORTANCE OF THE CONCEPT
"STANDARD COSTS"

Category of Importance	Number and Percentage of Persons Checking the Category			
	Instructors		Jurymen	
	No.	Percent	No.	Percent
Very Important	18	31.6	1	12.5
Moderately Important	27	47.4	3	37.5
Slightly Important	12	21.0	2	25.0
Unimportant	-	-	2	25.0
Total	57	100.0	8	100.0
	(Rank, 20)		(Rank, 22)	

or 47.4 percent, of the instructors, and three of the eight jurymen evaluate "standard costs" as moderately important.

21. Dissolution of partnership (financial)

The instructors place slightly greater importance on this financial-accounting concept than do the jurymen (Table XXV). Twenty-six, or 38.2 percent, of the instructors, and three of the jurymen believe it is moderately important.

TABLE XXV

THE IMPORTANCE OF THE CONCEPT
"DISSOLUTION OF PARTNERSHIP"

Category of Importance	Instructors No.	Instructors Percent	Jurymen No.	Jurymen Percent
	Number and Percentage of Persons Checking the Category			
Very Important	23	33.8	-	-
Moderately Important	26	38.2	3	42.8
Slightly Important	18	26.5	2	28.6
Unimportant	1	1.5	2	28.6
Total	68	100.0	7	100.0
	(Rank, 21)		(Rank, 27)	

22. Electronic data processing (financial)

The instructors consider this financial-accounting concept to be much less important than do the jurymen (Table XXVI). Only ten, or

TABLE XXVI

THE IMPORTANCE OF THE CONCEPT
"ELECTRONIC DATA PROCESSING"

Category of Importance	Instructors No.	Instructors Percent	Jurymen No.	Jurymen Percent
	Number and Percentage of Persons Checking the Category			
Very Important	10	27.8	4	50.0
Moderately Important	19	52.8	2	25.0
Slightly Important	5	13.9	2	25.0
Unimportant	2	5.5	-	-
Total	36	100.0	8	100.0
	(Rank, 22)		(Rank, 6)	

27.8 percent, of the instructors think the concept as very important, while four of the eight jurymen think so.

Many of the instructors did not attempt to evaluate the importance of this concept, apparently because they do not include it in their teaching. A few indicated they believed it to be of relatively little importance, probably due to the fact that they are not familiar with data processing and its potential. The jurymen probably do recognize the value of data processing and therefore evaluate this concept as of relatively great importance.

23. Petty cash (financial)

The instructors and the jurymen attach approximately the same importance to this financial concept. (Table XXVII) In general, the

TABLE XXVII

THE IMPORTANCE OF THE CONCEPT "PETTY CASH"

Category of Importance	Number and Percentage of Persons Checking the Category: Instructors No.	Instructors Percent	Jurymen No.	Jurymen Percent
Very Important	15	22.0	-	-
Moderately Important	38	55.9	4	50.0
Slightly Important	14	20.6	3	37.5
Unimportant	1	1.5	1	12.5
Total	68	100.0	8	100.0
	(Rank, 23)		(Rank, 22)	

instructors and the jurymen think "petty cash" is moderately important. Thirty-eight, or 55.9 percent, of the instructors, and four of the eight jurymen think the concept is moderately important.

24. Present value (managerial)

The instructors and the jurymen disagree somewhat on the importance of this managerial concept. (Table XXVIII)

TABLE XXVIII

THE IMPORTANCE OF THE CONCEPT "PRESENT VALUE"

Category of Importance	Number and Percentage of Persons Checking the Category: Instructors No.	Instructors Percent	Jurymen No.	Jurymen Percent
Very Important	7	17.1	2	25.0
Moderately Important	26	63.4	5	62.5
Slightly Important	8	19.5	1	12.5
Unimportant	-	-	-	-
Total	41	100.0	8	100.0
	(Rank, 24)		(Rank, 10)	

Business managers, especially financial managers, recognize this concept as an important one. The jurymen know this, and because the jurymen are more managerial-accounting oriented than are the instructors, they rank this concept higher.

25. Departmentalized organization (managerial)

The instructors place somewhat greater importance on this managerial-accounting concept than do the jurymen (Table XXIX). Forty-six, or 70.8 percent, of the instructors believe that "departmentalized organization" is either very important or moderately important, while only one juryman thinks so. This managerial concept has been included in the leading textbooks for many years, and this

TABLE XXIX

THE IMPORTANCE OF THE CONCEPT "DEPARTMENTALIZED ORGANIZATION"

Category of Importance	Instructors No.	Instructors Percent	Jurymen No.	Jurymen Percent
	Number and Percentage of Persons Checking the Category			
Very Important	16	24.6	-	-
Moderately Important	30	46.2	1	14.3
Slightly Important	17	26.1	4	57.1
Unimportant	2	3.1	2	28.6
Total	65	100.0	7	100.0
	(Rank, 25)		(Rank, 31)	

treatment in the textbooks seems to be reflected in the instructors' evaluations. The jurymen probably believe that this concept should be postponed to advanced accounting.

26. Management by exception (managerial)

On the instructors' ranking, this managerial-accounting concept ranks rather low, whereas on the jurymen's ranking it ranks rather high (Table XXX). Three of the eight jurymen believe this concept is very important, while only ten, or 28.6 percent, of the instructors believe so.

The jurymen, because they are more managerial-accounting oriented, recognize this as an important managerial concept. Many of the instructors did not check the concept at all, probably because they are not well acquainted with it.

TABLE XXX

THE IMPORTANCE OF THE CONCEPT
"MANAGEMENT BY EXCEPTION"

Category of Importance	Instructors No.	Instructors Percent	Jurymen No.	Jurymen Percent
	Number and Percentage of Persons Checking the Category			
Very Important	10	28.6	3	37.5
Moderately Important	14	40.0	3	37.5
Slightly Important	9	25.7	2	25.0
Unimportant	2	5.7	-	-
Total	35	100.0	8	100.0
		(Rank, 26)		(Rank, 10)

27. Return on investment for proposed capital expenditures (managerial)

The instructors' overall ranking of this managerial-accounting concept is much lower than that of the jurymen (Table XXXI).

TABLE XXXI

THE IMPORTANCE OF THE CONCEPT "RETURN ON INVESTMENT
FOR PROPOSED CAPITAL EXPENDITURES"

Category of Importance	Instructors No.	Instructors Percent	Jurymen No.	Jurymen Percent
	Number and Percentage of Persons Checking the Category			
Very Important	7	15.6	2	25.0
Moderately Important	27	60.0	5	62.5
Slightly Important	10	22.2	-	-
Unimportant	1	100.0	8	100.0
		(Rank, 27)		(Rank, 13)

However, in general, both the instructors and the jurymen believe it is moderately important. Twenty-seven, or 60.0 percent, of the instructors, and five of the eight jurymen evaluate "return on investment for proposed capital expenditures" as moderately important.

Business managers, especially financial managers, recognize "return on investment for proposed capital expenditures" a very important concept. The jurymen know this and, because the jurymen are more managerial accounting oriented than are the instructors, they rank this concept higher than do the instructors. The leading textbooks treat this concept very lightly, and this sketchy treatment is probably reflected in the instructors' ranking.

28. Bonus or goodwill in investment in partnership (financial)

Approximately the same importance is attached to this financial-accounting concept by the instructors and the jurymen (Table XXXII).

TABLE XXXII

THE IMPORTANCE OF THE CONCEPT "BONUS OR GOODWILL IN INVESTMENT IN PARTNERSHIP"

	Number and Percentage of Persons Checking the Category			
	Instructors		Jurymen	
Category of Importance	No.	Percent	No.	Percent
Very Important	16	24.6	-	-
Moderately Important	26	40.0	1	14.3
Slightly Important	20	30.8	2	28.6
Unimportant	3	4.6	4	57.1
Total	65	100.0	7	100.0
	(Rank, 28)		(Rank, 32)	

Twenty, or 30.8 percent, of the instructors, and two of the jurymen believe the concept is slightly important. And, three, or 4.6 percent, of the instructors, and four of the jurymen think it is unimportant. This concept is no longer emphasized in the leading elementary accounting textbooks.

29. Normal capacity as related to manufacturing overhead allocation and analysis (managerial)

The instructors and the jurymen agree, essentially, on the importance of the managerial-accounting concept (Table XXXIII).

TABLE XXXIII

THE IMPORTANCE OF THE CONCEPT "NORMAL CAPACITY AS RELATED TO MANUFACTURING OVERHEAD ALLOCATION AND ANALYSIS"

	Number and Percentage of Persons Checking the Category			
	Instructors		Jurymen	
Category of Importance	No.	Percent	No.	Percent
Very Important	10	22.7	1	12.5
Moderately Important	20	45.4	2	25.0
Slightly Important	11	25.0	3	37.5
Unimportant	3	6.8	2	25.0
Total	44	100.0	8	100.0
	(Rank, 29)		(Rank, 25)	

Eleven, or 25.0 percent, of the instructors, and three of the eight jurymen evaluate it as only slightly important; three, or 6.8 percent, and two of the eight jurymen believe it is unimportant. This is a new concept in the leading elementary accounting textbooks. The jurymen probably feel that it should be taught in advanced cost accounting.

30. Estimating inventories (financial)

The instructors evaluate this financial-accounting concept to be of somewhat less importance than do the jurymen (Table XXXIV).

TABLE XXXIV

THE IMPORTANCE OF THE CONCEPT "ESTIMATING INVENTORIES"

Category of Importance	Number and Percentage of Persons Checking the Category			
	Instructors		Jurymen	
	No.	Percent	No.	Percent
Very Important	10	14.9	-	-
Moderately Important	38	56.7	3	42.9
Slightly Important	17	25.4	4	57.1
Unimportant	2	3.0	-	-
Total	67	100.0	7	100.0
	(Rank, 30)		(Rank, 21)	

Thirty-eight, or 56.7 percent, of the instructors, and three of the eight jurymen believe it is moderately important. However, seventeen, or 25.4 percent, of the instructors and four of the jurymen believe "estimating inventories" is only slightly important.

This concept is included in the leading textbooks, but the instructors give it less importance than any of the financial concepts; in the jurymen's ranking it ranks near the middle of the financial concepts. It may be that the instructors do not believe that this concept is significant in business practice; the jurymen do seem to realize its importance in practice.

31. Branch reciprocal accounting (managerial)

On both the instructors' list and the jurymen's list this managerial-accounting concept ranks very low (Table XXXV). All of

TABLE XXXV

THE IMPORTANCE OF THE CONCEPT "BRANCH RECIPROCAL ACCOUNTING"

	Number and Percentage of Persons Checking the Category			
	Instructors		Jurymen	
Category of Importance	No.	Percent	No.	Percent
Very Important	11	19.6	-	-
Moderately Important	27	48.2	-	-
Slightly Important	14	25.0	3	42.9
Unimportant	4	7.2	4	57.1
Total	56	100.0	7	100.0
	(Rank, 31)		(Rank, 33)	

the jurymen and eighteen, or 32.2 percent, of the instructors believe "branch reciprocal accounting" is unimportant or only slightly important. It would seem to be a more proper subject for advanced accounting.

32. Discounted cash flow for proposed capital expenditures (managerial)

The instructors place much less importance on this managerial-accounting concept than do the jurymen (Table XXXVI). Twenty-three, or 63.2 percent, of the instructors believe "discounted cash flow for proposed capital expenditures" is very important or moderately important, while five of the eight jurymen believe so.

The low overall instructors' ranking can be attributed to the fact that the concept is treated lightly in the leading elementary accounting textbooks. The jurymen know that financial managers recognize "discounted cash flow for proposed capital expenditures" as a very important concept, and this knowledge is reflected in their rankings.

TABLE XXXVI

THE IMPORTANCE OF THE CONCEPT "DISCOUNTED CASH FLOW FOR PROPOSED CAPITAL EXPENDITURES"

Category of Importance	Number and Percentage of Persons Checking the Category: Instructors No.	Instructors Percent	Jurymen No.	Jurymen Percent
Very Important	4	10.8	1	12.5
Moderately Important	19	51.4	4	50.0
Slightly Important	14	37.8	2	25.0
Unimportant	-	-	1	12.5
Total	37	100.0	8	100.0
	(Rank, 32)		(Rank, 17)	

33. Payback method for proposed capital expenditures (managerial)

The instructors consider this managerial-accounting concept to be much less important than do the jurymen (Table XXXVII). Fifteen, or

TABLE XXXVII

THE IMPORTANCE OF THE CONCEPT "PAYBACK METHOD FOR PROPOSED CAPITAL EXPENDITURES"

Category of Importance	Number and Percentage of Persons Checking the Category: Instructors No.	Instructors Percent	Jurymen No.	Jurymen Percent
Very Important	4	10.3	2	25.0
Moderately Important	20	51.3	5	62.5
Slightly Important	13	33.3	-	-
Unimportant	2	5.1	1	12.5
Total	39	100.0	8	100.0
	(Rank, 33)		(Rank, 13)	

38.4 percent, of the instructors believe "payback method for proposed capital expenditures" is unimportant or only slightly important; one of the eight jurymen believe it is unimportant.

The jurymen know that financial managers recognize the "payback method for proposed capital expenditures" as a very important concept, and this knowledge is reflected in their evaluations. The low overall ranking by the instructors can be attributed to the fact, probably, that the concept is treated lightly in the leading elementary accounting textbooks.

The next division presents a discussion of the extent to which the thirty-three accounting concepts are taught by the instructors and the jurymen.

Accounting Concepts Taught

The thirty-three accounting concepts were ranked according to their inclusion in teaching by the instructors. The concepts taught by the greatest number of instructors were ranked highest; the concepts taught by the least number of instructors were ranked lowest. A similar ranking was prepared for the jurymen.

The division consists of three parts: first, a discussion of the financial concepts taught; second, a discussion of the managerial concepts taught; and third, the summary.

Financial Concepts

All of the instructors and all of the jurymen include the following six financial concepts in their teaching: "adjusting entries," "depreciation and amortization," "capital stock transactions," "inventory valuation," "treasury stock," and "petty cash." (Tables XXXVIII and XXXIX) In addition, more than ninety percent of the instructors and seven of the eight jurymen teach the following five financial concepts: "controlling accounts and subsidiary ledgers," "bank reconciliations," "amortization of bond premium and discount," "matching of revenues and expenses," and "continuing business or going concern."

The fact that these eleven financial-accounting concepts are taught by such a great majority of the instructors and the jurymen seems to indicate that these concepts are fundamental to a proper understanding of elementary accounting principles.

Of the twenty-three concepts most often taught by the instructors, eighteen are financial concepts, whereas of the twenty-three concepts most often taught by the jurymen, only thirteen are financial concepts. And, of the ten concepts least often taught by the instructors, only two are financial concepts, whereas of the ten concepts least often taught by the jurymen, seven are financial concepts.

The instructors are consistent in teaching the concepts which they consider most important. The instructors are more financial-accounting oriented in their teaching than are the jurymen, as they are in their evaluation of the importance of the concepts.

TABLE XXXVIII

INCLUSION OF 33 SELECTED ACCOUNTING CONCEPTS IN TEACHING BY JUNIOR COLLEGE ACCOUNTING INSTRUCTORS

Name of Concept	Ranking	Type of Concept	Included in Teaching			
			Yes		No	
			No.	%	No.	%
Adjusting entries	1	Financial	69	100.0	0	0.0
Depreciation and amortization	1	Financial	68	100.0	0	0.0
Controlling accounts and subsidiary ledgers	1	Financial	69	100.0	0	0.0
Capital stock transactions	1	Financial	69	100.0	0	0.0
Inventory valuation	1	Financial	69	100.0	0	0.0
Bank reconciliations	1	Financial	68	100.0	0	0.0
Internal control	1	Managerial	68	100.0	0	0.0
Amortization of bond premium and discount	1	Financial	67	100.0	0	0.0
Treasury stock	1	Financial	69	100.0	0	0.0
Discounting notes at the bank	1	Financial	69	100.0	0	0.0
Dissolution of partnership	1	Financial	68	100.0	0	0.0
Petty cash	1	Financial	68	100.0	0	0.0
Matching revenues and expenses	13	Financial	62	96.9	2	3.1
Reversing or readjusting entries	14	Financial	66	95.7	3	4.3
Estimating inventories	14	Financial	66	95.7	3	4.3
Departmentalized organization	16	Managerial	65	95.6	3	4.4
Partnership bonus or goodwill in investment	16	Financial	65	95.6	3	4.4
Continuing business or going concern	18	Financial	64	95.5	3	4.5
Accepting notes at a discount	19	Financial	65	94.2	4	5.8
Ratio analysis	20	Managerial	62	92.5	5	7.5
Equivalent finished units	21	Financial	57	85.1	10	14.9
Standard costs	22	Managerial	56	84.8	10	15.2
Branch reciprocal accounting	23	Managerial	57	83.8	11	16.2
Direct costing	24	Managerial	53	80.3	13	19.7
Absorption costing	25	Financial	52	77.6	15	22.4
Return on investment for proposed capital expenditures	26	Managerial	41	63.1	24	36.9
Normal capacity as related to manufacturing overhead allocation and analysis	27	Managerial	42	62.7	25	37.3

TABLE XXXVIII (CONTINUED)

Name of Concept	Ranking	Type of Concept	Included in Teaching: Yes No.	Yes %	No No.	No %
Responsibility accounting	28	Managerial	41	61.2	26	38.8
Present value	29	Managerial	39	58.2	28	41.8
Discounted cash flow for proposed capital expenditures	30	Managerial	34	54.0	29	46.0
Electronic data processing	31	Financial	33	53.2	29	46.8
Payback method for proposed capital expenditures	32	Managerial	34	51.5	32	48.5
Management by exception	33	Managerial	30	45.5	36	54.5

TABLE XXXIX

INCLUSION OF 33 SELECTED ACCOUNTING CONCEPTS IN TEACHING BY JURYMEN

Name of Concept	Ranking	Type of Concept	Included in Teaching: Yes	Included in Teaching: No
Adjusting entries	1	Financial	8	0
Depreciation and amortization	1	Financial	8	0
Capital stock transactions	1	Financial	8	0
Inventory valuation	1	Financial	8	0
Internal control	1	Managerial	8	0
Treasury stock	1	Financial	8	0
Petty cash	1	Financial	8	0
Continuing business or going concern	1	Financial	8	0
Matching of revenues and expenses	1	Financial	8	0
Responsibility accounting	1	Managerial	8	0
Absorption costing	1	Financial	8	0
Present value	1	Managerial	8	0
Standard costs	1	Managerial	8	0
Management by exception	14	Managerial	7	1
Payback method for proposed capital expenditures	14	Managerial	7	1
Return on investment for proposed capital expenditures	14	Managerial	7	1
Bank reconciliations	14	Financial	7	1
Direct costing	14	Managerial	7	1
Ratio analysis	14	Managerial	7	1
Amortization of bond premium and discount	14	Financial	7	1
Equivalent finished units	14	Financial	7	1
Normal capacity as related to manufacturing overhead allocation and analysis	14	Managerial	7	1
Controlling accounts and subsidiary ledgers	14	Financial	7	1
Electronic data processing	24	Financial	6	2
Discounted cash flow for proposed capital expenditures	24	Managerial	6	2
Estimating inventories	24	Financial	6	2
Dissolution of partnership	27	Financial	5	3
Departmentalized organization	27	Managerial	5	3
Partnership bonus or goodwill in investment	27	Financial	5	3
Reversing or readjusting entries	30	Financial	4	4
Accepting notes at a discount	30	Financial	4	4
Discounting notes at the bank	30	Financial	4	4
Branch reciprocal accounting	33	Managerial	3	5

Managerial Concepts

The only managerial concept taught by all of the instructors and all of the jurymen is "internal control." All of the jurymen also teach "standard costs" and "present value." Fifty-six, or 84.8 percent, of the instructors teach "standard costs"; only thirty-nine, or 58.2 percent, of the instructors teach "present value."

Only six of the thirteen managerial-accounting concepts are taught by as many as seventy-five percent of the instructors, whereas eleven of the thirteen managerial concepts are taught by at least six of the eight jurymen.

Of the twenty-three concepts most often taught by the instructors, only five are managerial concepts, whereas of the twenty-three concepts most often taught by the jurymen, ten are managerial concepts. And, of the ten concepts least often taught by the instructors, eight are managerial concepts, whereas of the ten concepts least often taught by the jurymen, only three are managerial concepts.

The jurymen are consistent in teaching the concepts which they consider most important. The jurymen are more managerial-accounting oriented in their teaching than are the instructors, as they are in their evaluation of the importance of the concepts.

Summary

All of the instructors and all of the jurymen include the following six financial-accounting concepts in their teaching: "adjusting entries," "depreciation and amortization," "capital stock transactions," "inventory valuation," "treasury stock," and "petty cash." And, more than ninety percent of the instructors and seven of the eight jurymen teach five additional financial-accounting concepts. This substantial agreement between the instructors and the jurymen seems to indicate that certain basic financial-accounting concepts are fundamental to a proper understanding of elementary accounting principles.

The instructors and the jurymen are consistent in teaching the concepts which they consider most important.

The instructors are more financial-accounting oriented in their teaching than are the jurymen, as they are in their evaluation of the importance of the concepts. Of the twenty-three concepts most often taught by the instructors, eighteen are financial concepts, whereas of the twenty-three concepts most often taught by the jurymen, thirteen are financial concepts.

The jurymen are more managerial-accounting oriented in their teaching than are the instructors, as they are in their evaluation of the importance of the concepts. Of the twenty-three concepts most often taught by the jurymen, ten are managerial concepts, whereas of the twenty-three concepts most often taught by the instructors, only five are managerial concepts.

Chapter Summary

The rationale for evaluating the respondents' opinions as to the importance of the accounting concepts is as follows:

A value of (3) was assigned to each "very important" response; a value of (2) to each "moderately important" response; and a value of (1) to each "slightly important" response. No value was given to an "unimportant" response. The values of the individual responses were totalled for each concepts, and the sums thus obtained were used as the major criterion for ranking the concepts.

The concept with the highest total is considered to be the concept of greatest importance in the combined opinion of the population being studied; the concept with the lowest total is considered to be one of least importance. The importance of any one concept relative to the other concepts is indicated by its position in the ranking.

This chapter has presented data to show the relative importance of the 33 selected accounting concepts as a whole; the relative importance of the 20 financial-accounting concepts; the relative importance of the 13 managerial-accounting concepts; the degree of importance attached to each of the 33 concepts by the instructors and the jurymen; and the extent to which the 33 concepts are taught. Tables were drawn for each of the groups to rank the concepts in order of importance.

Most instructors of elementary accounting seem to recognize the importance of certain basic financial-accounting principles, as both the instructors and the jurymen place relatively great importance on the following concepts; "matching of revenues and expenses," "adjusting entries," "depreciation and amortization," "inventory valuation," and "capital stock transactions." Also, both groups recognize the importance of the managerial concept "internal control" by listing it among the top ten of the thirty-three concepts.

The jurymen, in general, place greater importance on the managerial concepts than do the instructors. Nine of the thirteen managerial-accounting concepts listed rank higher on the jurymen's list than on the instructors' list. For example, "responsibility accounting" ranks sixth on the jurymen's list and sixteenth on the instructors' list; "present value" and "management by exception" rank tenth on the jurymen's list as compared with twenty-fourth and twenty-sixth, respectively, on the instructors' list; and "return on investment for proposed capital expenditures" and "payback method for proposed capital expenditures" both rank thirteenth on the jurymen's list, as compared with twenty-seventh and thirty-third, respectively, on the instructors' list.

Eighteen of the twenty-three concepts most often taught by the instructors are financial concepts; on the other hand, only thirteen of the twenty-three concepts most often taught by the jurymen are financial concepts.

The jurymen include a greater number of the managerial-accounting concepts in their teaching than do the instructors. Eleven of the thirteen managerial concepts are taught by at least six of the eight jurymen, while only six of the thirteen managerial concepts are taught by as many as seventy-five percent of the instructors.

It is quite plain that the instructors are much more financial-accounting oriented than managerial-accounting oriented. This financial orientation may be due to the fact that the new emphasis on managerial-accounting concepts is only beginning to appear in the popular elementary accounting principles textbooks. The instructors seem to feel that the traditional financial-accounting concepts are of greater importance even though the current accounting literature proposes greater emphasis on managerial-accounting.

The jurymen are much more managerial-accounting oriented than are the instructors. Some highly publicized studies in business education have been critical of elementary accounting education. They have recommended more attention to managerial accounting. The jurymen are following the pleading of the current authors in accounting literature by recognizing the importance of these managerial-accounting concepts, and by including these concepts in their teaching of elementary accounting.

CHAPTER IV

INSTRUCTORS' EVALUATIONS OF THE ACCOUNTING CONCEPTS ACCORDING TO SIZE OF THE COLLEGE

Introduction

It is assumed that the size of the school may influence the instructors' evaluations of the importance of the accounting concepts. Perhaps the instructors in the large schools are more closely oriented along the line of the jurymen, which represent the university accounting faculty, than are the instructors in the medium and small schools. If the instructors in the large schools are more like the jurymen in their evaluations of the importance of concepts, they may be imparting to their students a greater amount of the wealth of new knowledge in accounting.

This chapter presents data to indicate whether or not the size of school influences the instructors' evaluations of the importance of the accounting concepts. The total enrollments in the fall semester of 1968, in the sixty-six junior colleges responding, ranged from 165 to 13,000. The schools are divided into three groups. Fifteen schools, reporting enrollments of 2,000 or more, are designated as large schools; nineteen schools, reporting enrollments between 1,000 and 1,999, are designated as medium schools; and thirty-two schools, reporting enrollments of less than 1,000, are designated as small schools.

The chapter consists of five major divisions: first, the instructors' evaluations of the 33 concepts as a whole; second, the instructors' evaluations of the relative importance of the 20 financial concepts; third, the instructors' evaluations of the relative importance of the 13 managerial concepts; fourth, a discussion of the extent to which instructors include the 33 concepts in their teaching; and, fifth, the summary.

Evaluation of the 33 Accounting Concepts

The accounting concepts were ranked in order of importance for the three groups, large schools, medium schools, and small schools. The concepts are listed in order of importance according to the jurymen's ranking, with the ranking for each of the school size groups being indicated opposite the jurymen's ranking for each concept.

This division consists of five major parts: first, areas of agreement among accounting instructors in the three groups of schools; second, areas of disagreement among accounting instructors in the three groups of schools; third, areas of agreement between all instructors and the jurymen; fourth, areas of disagreement between all instructors and the jurymen; and, fifth, the summary.

Areas of Agreement Among Accounting Instructors

The ranking of the concepts according to the accounting instructors in the different sized schools is essentially the same. (Table XL)

TABLE XL

INSTRUCTORS' RANKING OF CONCEPTS ACCORDING TO SIZE OF SCHOOL

Concept	Jurymen	Ranking of Concepts: Large Schools	Medium Schools	Small Schools
Matching of revenues and expenses[1]	1	1	2	4
Inventory valuation[1]	1	5	4	7
Depreciation and amortization[1]	3	4	3	3
Adjusting entries[1]	3	1	1	1
Continuing business or going concern[1]	5	10	8	14
Capital stock transactions[1]	6	3	6	6
Responsibility accounting[2]	6	7	24	11
Absorption costing[1]	6	12	21	15
Electronic data processing[1]	6	23	25	21
Internal control[2]	10	8	10	9
Present value[2]	10	11	30	30
Management by exception[2]	10	19	28	28
Payback method for proposed capital expenditures[2]	13	30	32	33
Return on investment for proposed capital expenditures[2]	13	31	23	26
Bank reconciliations[1]	15	15	4	8
Direct costing[2]	16	17	17	22
Discounted cash flow for proposed capital expenditures[2]	17	23	33	32
Treasury stock[1]	17	16	11	20
Ratio analysis[2]	17	13	15	17
Amortization of bond premium and discount[1]	20	9	12	10
Estimating inventories[1]	21	27	29	29
Petty cash[1]	22	26	19	23
Equivalent finished units[1]	22	13	14	12
Standard costs[2]	22	21	18	18
Normal capacity as related to manufacturing overhead allocation and analysis[2]	25	32	27	31
Controlling accounts and subsidiary ledgers[1]	25	6	7	2
Dissolution of partnership[1]	27	29	20	18
Reversing or readjusting entries[1]	28	23	9	5

[1]Financial concept

[2]Managerial concept

TABLE XL (CONTINUED)

Concept	Jurymen	Ranking of Concepts: Large Schools	Medium Schools	Small Schools
Accepting notes at a discount[1]	29	20	16	16
Discounting notes at the bank[1]	29	18	13	13
Departmentalized organization[2]	31	22	22	27
Bonus or goodwill in investment in partnership[1]	32	33	26	24
Branch reciprocal accounting[2]	33	28	31	24

The instructors in all three size groups agree on the great importance of the financial concepts "adjusting entries," "depreciation and amortization," "matching of revenues and expenses," and "capital stock transactions" by ranking these four concepts among the top six. The percentage of instructors evaluating these concepts as very important is as follows:

Matching of revenues and expenses

Instructors in Large Schools	100.0%
Instructors in Medium Schools	77.8%
Instructors in Small Schools	71.4%

Adjusting entries

Instructors in Large Schools	100.0%
Instructors in Medium Schools	100.0%
Instructors in Small Schools	87.1%

Depreciation and amortization

Instructors in Large Schools	92.9%
Instructors in Medium Schools	73.7%
Instructors in Small Schools	74.2%

Capital stock transactions

Instructors in Large Schools	93.3%
Instructors in Medium Schools	68.4%
Instructors in Small Schools	61.3%

All of the instructors seem to realize the necessity of an understanding of these basic accounting concepts if elementary accounting principles are to be properly learned. No instructor evaluates any of these concepts as unimportant. With the exception of "capital stock transactions" no concept is evaluated as of lesser importance than moderately important. Only two instructors evaluated "capital stock transactions" as only slightly important; they may believe that any extensive treatment of "capital stock transactions" should be postponed until advanced accounting.

The instructors in the large schools appear to be slightly more managerial-accounting oriented than the instructors in the medium and small schools. The ranking for the instructors in the large schools lists six managerial concepts in the top twenty, whereas the rankings for the instructors in the medium and small schools lists only four managerial concepts in the top twenty.

Areas of Disagreement Among Accounting Instructors

The concepts evaluated most differently by instructors in the different sized schools are the financial concepts "bank reconciliations" and "reversing or readjusting entries" and the managerial concepts "responsibility accounting" and "present value."

The following tabulation presents the instructors' rankings for the three groups:

Concept	Instructors' Rankings: Large Schools	Medium Schools	Small Schools
Bank reconciliations	15	4	8
Reversing or readjusting entries	23	9	5
Responsibility accounting	7	24	11
Present value	11	30	30

The instructors in the large schools evaluate the two financial concepts "bank reconciliations" and "reversing or readjusting entries" as less important than do the instructors in the medium and small schools. On the other hand, the instructors in the large schools evaluate the two managerial concepts "responsibility accounting" and "present value" as more important than do the instructors in the medium and small schools. Thus, the instructors in the large schools seem to be heeding the admonition of the current accounting literature, which advocates greater emphasis on managerial-accounting concepts in elementary accounting.

In order to consider the rankings for instructors in the groups most different in size of enrollments, the rankings for the large schools group are directly compared with the rankings for the small schools group.

The two groups differ most particularly in the evaluation of the importance of four financial concepts: "bank reconciliations," "reversing or readjusting entries," "dissolution of partnership," and "bonus of goodwill in investment in partnership"; and in the evaluation of the importance of three managerial concepts: "present value," "management by exception," and "discounted cash flow for proposed capital expenditures."

The markedly different rankings for these concepts in the large-schools' ranking and in the small-schools' ranking is shown below:

Concept	Instructors' Rankings: Large Schools	Instructors' Rankings: Small Schools
Bank reconciliations	15	8
Reversing or readjusting entries	23	5
Dissolution of partnership	29	18
Bonus or goodwill in investment in partnership	33	24
Present value	11	30
Management by exception	19	28
Discounted cash flow for proposed capital expenditures	23	32

The instructors in the large schools believe that the four financial concepts "bank reconciliations," "reversing or readjusting entries," "dissolution of partnership," and "bonus or goodwill in investment in partnership" are less important than do the instructors in the small schools. On the other hand, the instructors in the large schools believe that the three managerial concepts "present value," "management by exception," and "discounted cash flow for proposed capital expenditures" are more important than do the instructors in the small schools.

Therefore, it seems that the instructors in the large schools are following more closely the admonitions contained in the current accounting literature, which recommend more extensive treatment of managerial-accounting concepts in elementary accounting.

Areas of Agreement Between Instructors and Jurymen

All three junior college size groups agree with the jury on the great importance of the financial accounting concepts "adjusting entries," "depreciation and amortization," "matching of revenues and expenses," and "capital stock transactions" in that these four concepts rank among the top six. In general, the junior college instructors also agree with the jurymen in evaluating these concepts as very important. The percentage of instructors and of the jurymen evaluating these concepts as very important is as follows:

Matching of revenues and expenses

Instructors in Large Schools	100.0%
Instructors in Medium Schools	77.8%
Instructors in Small Schools	71.4%
Jurymen	100.0%

Adjusting entries

Instructors in Large Schools	100.0%
Instructors in Medium Schools	100.0%
Instructors in Small Schools	87.1%
Jurymen	87.5%

Depreciation and amortization

Instructors in Large Schools	92.9%
Instructors in Medium Schools	73.7%
Instructors in Small Schools	74.2%
Jurymen	87.5%

Capital stock transactions

Instructors in Large Schools	93.3%
Instructors in Medium Schools	68.4%
Instructors in Small Schools	61.3%
Jurymen	37.5%

The instructors agree with the jurymen in that none of them evaluates any of these concepts as unimportant.

The jurymen and the instructors also agree in that, with the exception of "capital stock transactions," they evaluate each concept as at least moderately important. One juryman and two instructors evaluate "capital stock transactions" as only slightly important. They may believe that any broad treatment of "capital stock transactions" should be postponed until advanced accounting.

The accounting instructors in the large-sized junior colleges agree more closely with the jurymen in the ranking of the concepts than do the instructors in the small-sized colleges. On twenty-two of the thirty-three concepts, the instructors in the large schools agree more closely with the jurymen than do the instructors in the small schools:

Concept	Rankings: Jurymen	Rankings: Large Schools	Rankings: Small Schools
Matching of revenues and expenses	1	1	4
Inventory valuation	1	5	7
Continuing business or going concern	5	10	14
Responsibility accounting	6	7	11
Absorption costing	6	12	15
Present value	10	11	30
Management by exception	10	19	28
Payback method for proposed capital expenditures	13	30	33
Bank reconciliations	15	15	8
Direct costing	16	17	22
Discounted cash flow for proposed capital expenditures	17	23	32
Treasury stock	17	16	20
Estimating inventories	21	27	29
Equivalent finished units	22	13	12
Standard costs	22	21	18
Controlling accounts and subsidiary ledgers	25	6	2
Dissolution of partnership	27	29	18
Reversing or readjusting entries	28	23	5
Accepting notes at a discount	29	20	16
Discounting notes at the bank	29	18	13
Bonus or goodwill in investment in partnership	32	33	24
Branch reciprocal accounting	33	28	24

In the rankings of the concepts, eight of the concepts are ranked very similarly by instructors in the large schools and by the jurymen. Two of the concepts are ranked exactly alike: "matching of revenues and expenses" (1st), and "bank reconciliations" (15th).

Also ranked very similarly by instructors in the large schools and by the jurymen are the financial concepts "depreciation and amortization," "treasury stock," and "bonus or goodwill in investment in partnership," and the managerial concepts "responsibility accounting," "present value," and "standard costs." A tabulation of these rankings follows:

Concept	Rankings: Jurymen	Rankings: Instructors in Large Schools
Depreciation and amortization	3	4
Treasury stock	17	16
Bonus or goodwill in investment in partnership	32	33
Responsibility accounting	6	7
Present value	10	11
Standard costs	22	21

The very similar rankings of the above concepts perhaps indicate that the instructors in the large junior colleges and the instructors in the universities, as represented by the jurymen, may be placing similar emphasis on the concepts in their classroom teaching.

Areas of Disagreement Between All Instructors and the Jurymen

The instructors in all three groups evaluate six of the financial concepts and four of the managerial concepts differently from the jurymen. A tabulation of the different rankings of the concepts, as between the school group rankings and the jurymen rankings, follows:

Concept	Ranking of Concept			
	Jurymen	Large Schools	Medium Schools	Small Schools
Absorption costing[1]	6	12	21	15
Electronic data processing[1]	6	23	25	21
Management by exception[2]	10	19	28	28
Payback method for proposed capital expenditures[2]	13	30	32	33
Return on investment for proposed capital expenditures[2]	13	31	23	26
Discounted cash flow for proposed capital expenditures[2]	17	23	33	32
Amortization of bond premium and discount[1]	20	9	12	10
Equivalent finished units[1]	22	13	14	12
Controlling accounts and subsidiary ledgers[1]	25	6	7	2
Discounting notes at the bank[1]	29	18	13	13

[1]Financial concept

[2]Managerial concept

The reason that instructors in all of the different sized junior colleges differ from the jurymen in the evaluation of the importance of the above concepts may be attributed to the emphasis placed on the concepts in the popular textbooks. The instructors may be more inclined to follow the textbooks than are the jurymen.

The instructors in the large schools and the jurymen evaluate four concepts very differently: the financial concepts "electronic data processing" and "controlling accounts and subsidiary ledgers" and the managerial concepts "return on investment for proposed capital expenditures" and "payback method for proposed capital expenditures."

The following tabulation shows the very dissimilar rankings as listed in the large-schools ranking and the jurymen's ranking:

	Rankings	
Concept	Jurymen	Instructors in Large Schools
Electronic data processing	6	23
Controlling accounts and subsidiary ledgers	25	6
Return on investment for proposed capital expenditures	13	31
Payback method for proposed capital expenditures	13	30

All of these differences in rankings of concepts between the large-schools' listing and the jurymen's listing may be related to the emphasis placed on the concepts in the leading elementary accounting textbooks. The instructors seem to be more inclined to follow the popular textbooks in their evaluation of the importance of concepts than are the jurymen. "Electronic data processing," "return on investment for proposed capital expenditures," and "payback method for proposed capital expenditures" are concepts which are just beginning to receive extensive treatment in the leading elementary accounting textbooks. The jurymen apparently believe that "controlling accounts and subsidiary ledgers" is a simple concept that does not deserve major emphasis.

Summary

The rankings of the concepts by the accounting instructors in the different sized schools are generally similar.

All instructors and the jurymen agree on the great importance of the financial concepts, "adjusting entries," "depreciation and amortization," "matching of revenues and expenses," and "capital stock transactions." They all seem to realize the necessity of an understanding of these basic accounting concepts if elementary accounting principles are to be properly learned.

Although the accounting instructors in the large schools appear to be slightly more managerial-accounting oriented than the instructors in the medium and small schools, they do not attach as much importance to the managerial concepts as do the jurymen. The instructors in large schools, in agreeing more closely with the jurymen, are following the recommendations contained in the current accounting literature, which entreat for more extensive treatment of managerial-accounting concepts in elementary accounting.

Considering all of the thirty-three concepts, the instructors in the large schools agree somewhat more closely with the jurymen than do the instructors in the small schools in the ranking of the concepts. This seems to indicate that the accounting instructors in the large junior colleges evaluate the importance of the concepts more like the accounting instructors in the universities, as represented by the jurymen, than do the accounting instructors in the medium or small junior colleges. Apparently the larger the junior college the more likely the accounting instructors will be oriented along the lines of the accounting instructors in the universities.

The next division is a discussion of the instructors' evaluations of the relative importance of the 20 financial concepts.

Evaluation of the 20 Financial-Accounting Concepts

The twenty financial-accounting concepts were ranked in order of importance as evaluated by the instructors in each of the three junior college size categories. The concepts are arranged in order of importance according to the jurymen's ranking, and the ranking for the instructors in the different sized schools is indicated opposite the jurymen's ranking for each concept.

This division consists of five major parts: first, areas of agreement among accounting instructors in the three groups; second, areas of disagreement among accounting instructors in the three groups; third, areas of agreement between all instructors and the jurymen; fourth, areas of disagreement between all instructors and the jurymen; and, fifth, the summary.

Areas of Agreement Among Accounting Instructors

Six concepts evaluated high by all three groups of instructors are "adjusting entries," "matching of revenues and expenses," "depreciation and amortization," "capital stock transactions," "inventory valuation," and "controlling accounts and subsidiary ledgers." (Table XLI) In general, the instructors evaluate these concepts as very important. Perhaps they believe that these concepts are fundamental to a proper understanding of elementary accounting principles.

TABLE XLI

INSTRUCTORS' RANKINGS OF FINANCIAL CONCEPTS
ACCORDING TO SIZE OF SCHOOL

	Ranking of Concept			
Concept	Jurymen	Large Schools	Medium Schools	Small Schools
Matching of revenues and expenses	1	1	2	4
Inventory valuation	1	5	4	7
Adjusting entries	3	1	1	1
Depreciation and amortization	3	4	3	3
Continuing business or going concern	5	8	8	12
Absorption costing	6	9	17	13
Electronic data processing	6	15	18	17
Capital stock transactions	6	3	6	6
Bank reconciliations	9	11	4	8
Treasury stock	10	12	10	16
Amortization of bond premium and discount	11	7	11	9
Estimating inventories	12	18	20	20
Petty cash	13	17	15	18
Equivalent finished units	13	10	13	10
Controlling accounts and subsidiary ledgers	15	6	7	2
Dissolution of partnership	16	19	16	15
Reversing or readjusting entries	17	15	9	5
Accepting notes at a discount	18	14	14	14
Discounting notes at the bank	18	13	12	11
Partnership bonus or goodwill in investment	20	20	19	19

All three groups attach relatively little importance to five concepts: "petty cash," "dissolution of partnership," "electronic data processing," "partnership bonus or goodwill in investment," and "estimating inventories." All five concepts rank near the bottom of the listing. Some of the instructors consider these concepts to be unimportant or only slightly important. The percentage of instructors evaluating these concepts as unimportant or only slightly important are as follows:

	Slightly Important	Unimportant
Petty cash		
Instructors in Large Schools	20.0%	-
Instructors in Medium Schools	15.7%	-
Instructors in Small Schools	26.6%	-
Dissolution of partnership		
Instructors in Large Schools	20.0%	6.6%
Instructors in Medium Schools	31.6%	-
Instructors in Small Schools	20.0%	-
Electronic data processing		
Instructors in Large Schools	37.5%	-
Instructors in Medium Schools	7.1%	14.3%
Instructors in Small Schools	7.7%	-
Bonus or goodwill in investment in partnership		
Instructors in Large Schools	38.4%	15.4%
Instructors in Medium Schools	31.6%	5.2%
Instructors in Small Schools	26.7%	-
Estimating inventories		
Instructors in Large Schools	28.6%	-
Instructors in Medium Schools	31.6%	5.2%
Instructors in Small Schools	16.1%	3.2%

The instructors may feel that these five concepts would be more proper subjects for advanced accounting courses.

All three groups of instructors agree also in their evaluations of the importance of "continuing business or going concern," "amortization of bond premium and discount," "equivalent finished units," and "discounting notes at the bank"; these four concepts rank near the middle of the listing for all three groups.

Comparing the instructors' rankings of concepts for just the large schools group and small schools group, six concepts which rank very similarly are "adjusting entries," "equivalent finished units," "accepting notes at a discount," "depreciation and amortization," "petty cash," and "bonus or goodwill in investment in partnership." A tabulation of these similar rankings follows:

Concept	Instructors' Rankings	
	Large Schools	Small Schools
Adjusting entries	1	1
Equivalent finished units	10	10
Accepting notes at a discount	14	14
Depreciation and amortization	4	3
Petty cash	17	18
Bonus or goodwill in investment in partnership	20	19

The size of the college does not seem to influence the rankings of the financial-accounting concepts by the instructors.

Areas of Disagreement Among Accounting Instructors

Principal disagreement among the three groups of instructors is in the evaluation of the importance of "bank reconciliations," "reversing of readjusting entries," and "absorption costing." In the ranking of the financial concepts, the large-school ranking, medium-schools ranking, and small-schools ranking are quite different. A tabulation of these dissimilar rankings follows:

Concept	Instructors' Rankings		
	Large Schools	Medium Schools	Small Schools
Bank reconciliations	11	4	8
Reversing or readjusting entries	15	9	5
Absorption costing	9	17	13

The instructors in the large junior colleges attach less importance to "bank reconciliations" and "reversing or readjusting entries" and greater importance to "absorption costing" than do the instructors in the medium and small schools. The instructors in the large schools may be less willing to follow the textbooks in their strong emphasis on "bank reconciliations" and "reversing or readjusting entries" than are the instructors in the medium and small schools. The instructors in the large schools also seem to be more cognizant of the increasing importance of cost accounting in their evaluation of "absorption costing."

Areas of Agreement Between All Instructors and the Jurymen

The jurymen agree with the junior college groups on the relatively great importance of "adjusting entries," "matching of revenues and expenses," "depreciation and amortization," and "capital stock transactions."

The jurymen also agree with all three groups in attaching little importance to "bonus or goodwill in investment in partnership" and "dissolution of partnership."

The jurymen further agree with the junior college groups in that "amortization of bond premium and discount" and "equivalent finished units" are ranked near the middle of the listings for all three groups.

The instructors in the large schools seem to agree somewhat more closely with the jurymen in the evaluation of the relative importance of the financial concepts than do the instructors in the medium and small schools; thus the instructors in the large schools may emphasize the financial concepts in their classroom teaching more similarly to the jurymen than do the instructors in the medium and small schools.

Comparing the instructors' rankings in the large schools with the jurymen's rankings, seven of the concepts are ranked very similarly: "matching of revenues and expenses," "bonus or goodwill in investment in partnership," "depreciation and amortization," "adjusting entries," "bank reconciliations," "treasury stock," and "reversing or readjusting entries." A tabulation of these similar rankings follows:

Concept	Rankings: Jurymen	Rankings: Instructors in Large Schools
Matching of revenues and expenses	1	1
Bonus or goodwill in investment in partnership	20	20
Depreciation and amortization	3	4
Adjusting entries	3	1
Bank reconciliations	9	11
Treasury stock	10	12
Reversing or readjusting entries	17	15

Areas of Disagreement Between Instructors and Jurymen

The jurymen disagree with the instructors as to the importance of "controlling accounts and subsidiary ledgers." On the jurymen's ranking of the financial concepts, "controlling accounts and subsidiary ledgers" ranks 15th, whereas on the lists of all three groups of instructors it is ranked 7th or higher. The instructors may be influenced by the strong treatment of the concept in the leading textbooks, whereas the jurymen apparently consider it to be of minor importance.

The jurymen and the instructors also disagree as to the importance of "electronic data processing," "petty cash," "estimating inventories," and "discounting notes at the bank."

"Electronic data processing," ranked low in the listing of all the junior college groups, ranks sixth on the jurymen list. "Petty cash" and "estimating inventories," ranking low on the instructors' lists, rank considerably higher on the jurymen list. Perhaps the instructors believe that these concepts should be treated lightly in elementary accounting, and more extensively in advanced accounting courses.

The jurymen attach less importance to "discounting notes at the bank" than do the instructors. Apparently the jurymen believe that this concept is less important in elementary accounting than do the writers of the leading textbooks.

Summary

There is general agreement among the accounting instructors in the different sized schools, and with the jurymen, concerning the relative importance of the financial-accounting concepts. However, there seems to be more close agreement between the large schools group and the jurymen. For example, "reversing or readjusting entries," ranking fifteenth on the listing of the large schools group and seventeenth on the jurymen's list, ranks fifth in the listing of the small schools group and ninth on the listing of the medium schools group. And, "absorption costing" ranking thirteenth and seventeenth, respectively, on the listings of the smaller and medium schools group, ranks ninth on the large schools listing, much closer to the sixth place ranking on the jurymen's list.

The next division is a discussion of the instructors' evaluations of the relative importance of the 13 managerial concepts.

Evaluation of the 13 Managerial-Accounting Concepts

The thirteen managerial-accounting concepts were ranked in order of importance as evaluated by the instructors in each of the three junior college size categories. The concepts are arranged in order of importance according to the jurymen ranking, and the ranking for the instructors in each school size group is listed opposite the jurymen ranking for each of the concepts.

This division consists of five parts: first, areas of agreement among accounting instructors in the three groups; second, areas of disagreement among accounting instructors in the three groups; third, areas of agreement between the instructors and the jurymen; fourth, areas of disagreement between the instructors and the jurymen; and, fifth, the summary.

Areas of Agreement Among Accounting Instructors

In evaluating the relative importance of the managerial-accounting concepts, seven of the thirteen concepts are similarly ranked in the listings of the three school size groups. (Table XLII)

TABLE XLII

INSTRUCTORS' RANKINGS OF MANAGERIAL CONCEPTS ACCORDING TO SIZE OF SCHOOL

Concept	Jurymen	Ranking of Concepts: Large Schools	Medium Schools	Small Schools
Responsibility accounting	1	1	7	2
Internal control	2	2	1	1
Present value	2	3	10	10
Management by exception	2	6	9	9
Return on investment for proposed capital expenditures	5	12	6	7
Payback method for proposed capital expenditures	5	11	12	13
Direct costing	7	5	3	5
Discounted cash flow for proposed capital expenditures	8	9	13	12
Ratio analysis	8	4	2	3
Standard costs	10	7	4	4
Normal capacity as related to manufacturing overhead allocation and analysis	11	13	8	11
Departmentalized organization	12	8	5	8
Branch reciprocal accounting	13	10	11	6

Three of the concepts are very similarly ranked: "internal control," "ratio analysis," and "payback method for proposed capital expenditures." A tabulation of these very similar rankings follows:

Concept	Instructors' Rankings: Large Schools	Medium Schools	Small Schools
Internal control	2	1	1
Ratio analysis	4	2	3
Payback method for proposed capital expenditures	11	12	13

"Internal control" and "ratio analysis" rank high on all the lists, and this may occur because these concepts have been given extensive treatment in the popular elementary accounting textbooks for many years. "Payback method for proposed capital expenditures," ranked low on all of the lists, is just beginning to appear in the popular textbooks.

In comparing the rankings of the managerial concepts for just the large schools group and small schools group, seven of the concepts are similarly ranked. Five of the concepts are very similarly ranked: "responsibility accounting," "internal control," "direct costing," "ratio analysis," and "departmentalized organization." A tabulation of these very similar rankings follows:

	Instructors' Rankings	
Concept	Large Schools	Small Schools
Responsibility accounting	1	2
Internal control	2	1
Direct costing	5	5
Ratio analysis	4	3
Departmentalized organization	8	8

It seems that the managerial-accounting concepts which have been included most prominently in the popular elementary accounting textbooks are generally the ones on which the instructors are in greater agreement, and which rank higher than the concepts which are less emphasized in the textbooks.

Areas of Disagreement Among Accounting Instructors

The instructors in the three groups differ in their evaluation of the importance of six of the managerial concepts. In the ranking of the managerial concepts, particularly different rankings occur for three of the concepts: "responsibility accounting," "present value," and "return on investment for proposed capital expenditures." A tabulation of these dissimilar rankings for the three groups follows:

Concept	Instructors' Rankings		
	Large Schools	Medium Schools	Small Schools
Responsibility accounting	1	7	2
Present value	3	10	10
Return on investment for proposed capital expenditures	6	7	12

This disagreement may be due to lack of a thorough understanding of the concepts.

Comparing the rankings of just the large schools group and small schools group, principal disagreement occurs for "present value," "return on investment for proposed capital expenditures," and "branch reciprocal accounting." "Branch reciprocal accounting" ranks tenth in the listing of the large schools group and sixth in the small schools group; "branch reciprocal accounting" is emphasized in the textbooks, but the large schools group seem to think it is of minor importance.

Areas of Agreement Between All Instructors and the Jurymen

The jurymen agree with the instructors in the three school size groups as to the relative importance of only one managerial concept, "internal control." In the ranking of the managerial concepts, "internal control" ranks second on the jurymen's list and large-school list, and first on the medium-school and small-school lists.

In evaluating the relative importance of nine of the thirteen managerial concepts, instructors in the large schools agree more closely with the jurymen than do the instructors in the small schools. A tabulation of the rankings of these nine concepts on the jurymen's list, large-school list, and small-school list follows:

Concept	Rankings		
	Jurymen	Large Schools	Small Schools
Responsibility accounting	1	1	2
Internal control	2	2	1
Present value	2	3	10
Management by exception	2	6	9
Payback method for proposed capital expenditures	5	11	13
Discounted cash flow for proposed capital expenditures	8	9	12
Ratio analysis	10	7	4
Branch reciprocal accounting	13	10	6

Perhaps the accounting instructors in the large schools have more readily available the current accounting literature which recommends greater emphasis on managerial-accounting concepts. Thus, the instructors in the large schools would evaluate the concepts more like the jurymen, which represent the universities, than would the instructors in the small schools.

Areas of Disagreement Between All Instructors and the Jurymen

The instructors in all three groups generally disagree with the jurymen as to the relative importance of the managerial concepts.

Principal disagreement between instructors and jurymen exists in the evaluation of the importance of "management by exception," "payback method for proposed capital expenditures," "discounted cash flow for proposed capital expenditures," "ratio analysis," "standard costs," and "departmentalized organization." A tabulation of rankings of the managerial concepts on the jurymen's list as compared with the large-school list, medium-school list, and small-school list follows:

		Rankings		
Concept	Jurymen	Large Schools	Medium Schools	Small Schools
Management by exception	2	6	9	9
Payback method for proposed capital expenditures	5	11	12	13
Discounted cash flow for proposed capital expenditures	8	9	13	12
Ratio analysis	8	4	2	3
Standard costs	10	7	4	4
Departmentalized organization	12	8	5	8

This disagreement between instructors and the jurymen may relate somewhat to an understanding of the concepts. Many junior college accounting instructors do not seem to appreciate the value of managerial-accounting concepts in the study of elementary accounting principles.

Summary

The managerial-accounting concepts which have been included most prominently in the popular elementary accounting textbooks are generally the ones on which the instructors in the three school size groups are in greater agreement.

The instructors in all three groups generally disagree with the jurymen as to the relative importance of the managerial concepts. Many junior college instructors do not seem to appreciate the value of managerial-accounting concepts in the study of elementary accounting principles.

The large schools group agrees more closely with the jurymen than does the small schools group in evaluating the relative importance of nine of the thirteen managerial concepts. Perhaps the accounting instructors in the large schools have more readily available the current accounting literature which recommends greater emphasis on managerial-accounting concepts. The size of the school does seem to have some effect on the instructors' evaluation of the importance of managerial concepts.

The next division is a discussion of the extent to which instructors include the 33 concepts in their teaching.

Accounting Concepts Taught

The thirty-three concepts are ranked according to their inclusion in teaching by the instructors in the three school size groups and by the jurymen. The concepts taught by the greatest number of instructors are ranked highest; the concepts taught by the least number of instructors are ranked lowest.

The division consists of three parts: first, a discussion of the financial concepts taught; second, a discussion of the managerial concepts taught; and, third, the summary.

Financial Concepts

Thirteen of the fourteen concepts taught by all of the instructors in the large and small schools, fifteen of the seventeen concepts taught by all of the instructors in the medium schools, and nine of the thirteen concepts taught by all of the jurymen are financial concepts (Table XLIII). All accounting instructors seem

TABLE XLIII

ACCOUNTING CONCEPTS TAUGHT BY ACCOUNTING INSTRUCTORS ACCORDING TO SIZE OF SCHOOL

Concept	Jurymen		Large Schools		Medium Schools		Small Schools	
	Included in Teaching							
	Yes	No	Yes	No	Yes	No	Yes	No
Adjusting entries[1]	8	0	15	0	19	0	32	0
Depreciation and amortization[1]	8	0	14	0	18	0	32	0
Capital stock transactions[1]	8	0	15	0	18	0	32	0
Inventory valuation[1]	8	0	15	0	18	0	32	0
Internal control[2]	8	0	15	0	18	0	31	0
Treasury stock[1]	8	0	15	0	18	0	32	0
Petty cash[1]	8	0	15	0	18	0	32	0
Continuing business or going concern[1]	8	0	14	0	18	0	29	2
Matching of revenues and expenses[1]	8	0	13	0	17	0	28	2
Responsibility accounting[2]	8	0	8	6	15	3	18	13
Absorption costing[1]	8	0	13	2	14	5	21	8
Present value[2]	8	0	8	7	10	9	18	11
Standard costs[2]	8	0	12	2	18	1	23	7
Management by exception[2]	7	1	8	6	11	8	9	21
Payback method for proposed capital expenditures[2]	7	1	8	6	11	8	13	17
Return on investment for proposed capital expenditures[2]	7	1	11	3	13	6	15	14
Bank reconciliations[1]	7	1	15	0	18	0	31	0
Direct costing[2]	7	1	12	2	15	4	23	7
Ratio analysis[2]	7	1	13	2	17	1	30	2
Amortization of bond premium and discount[1]	7	1	15	0	18	0	31	0
Equivalent finished units[1]	7	1	13	1	16	2	23	7
Normal capacity as related to manufacturing overhead allocation and analysis[2]	7	1	8	7	14	5	17	13
Controlling accounts and subsidiary ledgers[1]	7	1	15	0	18	0	32	0
Electronic data processing[1]	6	2	7	6	12	7	12	15
Discounted cash flow for proposed capital expenditures[2]	6	2	8	7	11	8	15	12
Estimating inventories[1]	6	2	14	1	17	1	31	1

[1]Financial concept

[2]Managerial concept

TABLE XLIII (CONTINUED)

Concept	Included in Teaching							
	Jurymen		Large Schools		Medium Schools		Small Schools	
	Yes	No	Yes	No	Yes	No	Yes	No
Dissolution of partnership[1]	5	3	15	0	18	0	31	0
Departmentalized organization[2]	5	3	14	1	17	1	30	1
Partnership bonus or goodwill in investment[1]	5	3	13	2	18	0	30	1
Reversing or readjusting entries[1]	4	4	14	1	17	1	32	0
Accepting notes at a discount[1]	4	4	11	4	18	0	32	0
Discounting notes at the bank[1]	4	4	15	0	18	0	32	0
Branch reciprocal accounting[2]	3	5	13	2	18	0	23	8

to agree that a thorough understanding of certain basic financial-accounting concepts is essential in elementary accounting.

Of the twenty-four concepts most often taught by the instructors in each of the school size groups, eighteen are financial concepts, whereas of the twenty-three concepts most often taught by the jurymen, thirteen are financial concepts.

Of the nine concepts least often taught by the instructors in the large schools, medium schools, and small schools only two are financial concepts, whereas of the ten concepts least often taught by the jurymen, seven are financial concepts.

The instructors are consistent in teaching the concepts which they consider most important. The instructors in all school size groups are more financial-accounting oriented in their teaching than are the jurymen, as they are in their evaluation of the importance of the concepts.

Managerial Concepts

The jurymen include a greater number of the managerial concepts in their teaching than do the junior college instructors in either the large, medium, or small schools. At least six out of eight of the jurymen teach eleven of the thirteen managerial concepts, whereas less than seventy-five percent of the accounting instructors in any of the school groups teach as many as seven of the thirteen managerial concepts.

Of the twenty-four concepts most often taught by the instructors in each of the school size groups, six are managerial concepts; whereas of the twenty-three concepts most often taught by the jurymen, ten are managerial concepts.

Of the nine concepts least often taught by the instructors in each of the school size groups, seven are managerial concepts; whereas of the ten concepts least often taught by the jurymen, only three are managerial concepts.

The jurymen are more managerial-accounting oriented in their teaching than are the instructors in any of the school size groups, as they are in their evaluation of the importance of the concepts.

Summary

The instructors are consistent in teaching the concepts which they consider most important. The instructors in all school size groups are more financial-accounting oriented in their teaching than are the jurymen, as were they in their evaluation of the importance of the concepts.

Likewise, the jurymen are consistent in teaching the concepts which they consider most important. The jurymen include a greater number of the managerial concepts in their teaching than do the junior college instructors in either the large, medium, or small schools.

The next division is a summary of the chapter.

Chapter Summary

The accounting instructors in the large, medium, and small schools and the jurymen agree on the great importance of the financial concepts "adjusting entries," "depreciation and amortization," "matching of revenues and expenses," and "capital stock transactions"; in all four groups these four concepts rank among the top six. They seem to believe that these concepts are fundamental to a proper understanding of elementary accounting principles.

In the large schools the accounting instructors are slightly more managerial-accounting oriented than are the instructors in the medium or small schools, but none of the groups attach as much importance to the managerial concepts as do the jurymen. The instructors in the large schools in agreeing more closely with the jurymen, are following the recommendations contained in the current accounting literature which advocate more extensive treatment of managerial-accounting concepts in elementary accounting.

The relative ranking of the financial concepts for the three school size groups and the jurymen is similar. The instructors in all three groups generally disagree with the jurymen as to the relative importance of the managerial concepts. In the ranking of the managerial concepts, the jurymen rankings agree more closely with the rankings for the accounting instructors in the large schools than with the rankings for the instructors in the medium and small schools.

The jurymen include more of the managerial concepts in their teaching than do the instructors in either the large, medium, or small schools. Conversely, the junior college instructors in all of the schools teach a greater number of the financial concepts than do the jurymen.

The size of the school does seem to have some effect on the instructors' evaluation of the importance of accounting concepts, particularly the managerial concepts.

Apparently the larger the junior college the more likely the accounting instructors will be oriented along the lines of the accounting instructors in the universities.

CHAPTER V

INSTRUCTORS' EVALUATIONS OF THE ACCOUNTING CONCEPTS ACCORDING TO JOB EXPERIENCE IN ACCOUNTING

Introduction

This chapter presents data to indicate whether or not job experience in accounting influences the instructors' evaluations of the importance of the accounting concepts. The instructors are divided into two groups: those with more than one year of accounting job experience are designated as more experienced instructors, and those with one year or less of accounting job experience are designated as less experienced instructors.

It is assumed that the more experienced instructors may be influenced to evaluate some of the concepts differently than do the less experienced instructors.

The chapter consists of five major divisions: first, the instructors' evaluations of the 33 concepts as a whole; second, the instructors' evaluations of the relative importance of the 20 financial concepts; third, the instructors' evaluations of the relative importance of the 13 managerial concepts; fourth, a discussion of the extent to which instructors include the 33 concepts in their teaching; and, fifth, the summary.

Evaluation of the 33 Accounting Concepts

The 33 accounting concepts were ranked in order of importance for the two groups of instructors, the more experienced instructors and the less experienced instructors. The ranking of the concepts for the two groups of instructors is compared; and the instructors' rankings are compared with the jurymen rankings.

This division consists of five major parts: first, areas of agreement among accounting instructors in the two job experience groups; second, areas of disagreement among accounting instructors in the two job experience groups; third, areas of agreement between all instructors and the jurymen; fourth, areas of disagreement between all instructors and the jurymen; and, fifth, the summary.

Areas of Agreement Among Accounting Instructors

In the ranking of the concepts, rankings for the more experienced instructors are quite similar to those for the less experienced instructors. Twenty-seven of the thirty-three concepts rank similarly. (Table XLIV)

The two groups of instructors evaluate seven of the financial concepts and one of the managerial concepts very similarly: "matching of revenues and expenses," "inventory valuation," "adjusting entries," "continuing business or going concern," "amortization of bond premium and discount," "controlling accounts and subsidiary ledgers," "reversing or readjusting entries," and "payback method

TABLE XLIV

INSTRUCTORS' RANKING OF ALL CONCEPTS ACCORDING TO ACCOUNTING JOB EXPERIENCE

Concept	Ranking of Concepts		
	Jurymen	More Experienced Instructors	Less Experienced Instructors
Matching of revenues and expenses[1]	1	3	2
Inventory valuation[1]	1	5	5
Depreciation and amortization[1]	3	2	6
Adjusting entries[1]	3	1	1
Continuing business or going concern[1]	5	9	8
Capital stock transactions[1]	6	6	3
Responsibility accounting[2]	6	13	21
Absorption costing[1]	6	14	22
Electronic data processing[1]	6	21	17
Internal control[2]	10	10	7
Present value[2]	10	23	29
Management by exception[2]	10	24	27
Payback method for proposed capital expenditures[2]	13	32	33
Return on investment for proposed capital expenditures[2]	13	29	24
Bank reconciliations[1]	15	7	10
Direct costing[2]	16	18	16
Discounted cash flow for proposed capital expenditures[2]	17	33	30
Treasury stock[1]	17	15	12
Ratio analysis[2]	17	16	20
Amortization of bond premium and discount[1]	20	12	11
Estimating inventories[1]	21	30	26
Petty cash[1]	22	26	18
Equivalent finished units[1]	22	11	25
Standard costs[2]	22	17	22
Normal capacity as related to manufacturing overhead allocation and analysis[2]	25	27	32

[1]Financial concept

[2]Managerial concept

TABLE XLIV (CONTINUED)

Concept	Jurymen	Ranking of Concepts: More Experienced Instructors	Ranking of Concepts: Less Experienced Instructors
Controlling accounts and subsidiary ledgers[1]	25	4	4
Dissolution of partnership[1]	27	25	14
Reversing or readjusting entries[1]	28	8	9
Accepting notes at a discount[1]	29	20	15
Discounting notes at the bank[1]	29	19	13
Departmentalized organization[2]	31	22	28
Bonus or goodwill in investment in partnership[1]	32	31	18
Branch reciprocal accounting[2]	33	28	31

for proposed capital expenditures." A tabulation of the instructors' rankings for these concepts follows:

Concept	Instructors' Rankings: More Experienced	Instructors' Rankings: Less Experienced
Matching of revenues and expenses	3	2
Inventory valuation	5	5
Adjusting entries	1	1
Continuing business or going concern	9	8
Amortization of bond premium and discount	12	11
Controlling accounts and subsidiary ledgers	4	4
Reversing or readjusting entries	8	9
Payback method for proposed capital expenditures	32	33

Four of the financial concepts, "matching of revenues and expenses," "inventory valuation," "adjusting entries," and "controlling accounts and subsidiary ledgers" rank very high on both the more-experienced instructors listing and the less-experienced instructors listing. The instructors seem to agree that these financial concepts are essential to a proper understanding of elementary accounting principles.

The more experienced instructors and the less experienced instructors agree in their evaluation of the importance of "continuing business or going concern," "amortization of bond premium and discount," and "reversing or readjusting entries" in that the concepts rank slightly above the median in the listing of the concepts for the two groups.

Both groups seem to believe that "payback method for proposed capital expenditures" is not an important concept in the study of elementary accounting. The concept is ranked at the very bottom on both the more-experienced instructors listing and the less-experienced instructors listing. Perhaps they believe it would be more appropriate to postpone consideration of "payback method for proposed capital expenditures" until advanced accounting.

Areas of Disagreement Among Accounting Instructors

In the ranking of the concepts, the principal differences between the more-experienced instructors' rankings and the less-experienced instructors' rankings occur in the financial concepts "absorption costing," "equivalent finished units," "dissolution of partnership," and "bonus or goodwill in investment in partnership," and in the managerial concept "responsibility accounting."

In general, as shown in the following tabulation, the differences in the rankings of the financial concepts for the two groups occur because of the evaluations in the very important category:

Concept	More Experienced Instructors Rank	More Experienced Instructors Evaluated Very Imp.	Less Experienced Instructors Rank	Less Experienced Instructors Evaluated Very Imp.
Absorption costing	14	35.1%	22	20.0%
Equivalent finished units	11	42.5%	25	17.6%
Dissolution of partnership	25	27.7%	14	47.6%
Bonus or goodwill in investment in partnership	31	22.2%	18	28.6%
Responsibility accounting	13	35.3%	21	50.0%

The more experienced instructors evaluate "absorption costing" and "equivalent finished units" as much more important than do the less experienced instructors. The more experienced instructors seem to better recognize the growing importance of cost accounting in manufacturing.

"Dissolution of partnership" and "bonus or goodwill in investment in partnership" are evaluated as of less importance by the more experienced instructors than by the less experienced instructors. Perhaps the more experienced instructors have not encountered these partnership concepts in their accounting practice.

In the ranking of the concepts, "responsibility accounting" ranks higher on the more-experienced instructors' listing than on the less-experienced instructors' listing. A greater percentage of the less experienced instructors evaluate "responsibility accounting" as very important; however, a greater percentage of them also evaluate it as unimportant. Only 2.9 percent of the more experienced instructors evaluate this concept as unimportant, whereas 16.7 percent of the less experienced instructors evaluate it as unimportant. Increasing attention is being devoted to "responsibility accounting" in accounting practice, but some of the less experienced instructors may not yet have a proper understanding of the concept; their job experience apparently has not included practice in this area of managerial accounting.

Areas of Agreement Between All Instructors and the Jurymen

The jurymen agree with both groups of instructors on the great importance of the financial concepts "matching of revenues and expenses," "inventory valuation," "depreciation and amortization," "adjusting entries," and "capital stock transactions." In the ranking of the concepts, on the instructors' listing and the jurymen's listing, these five concepts rank among the top six. They also agree, in general, in evaluating these concepts as very important. The percentages of instructors and of the jurymen evaluating these concepts as very important are as follows:

Concept	Evaluated as Very Important: Jurymen	More Experienced Instructors	Less Experienced Instructors
Matching of revenues and expenses	100.0%	77.8%	84.2%
Inventory valuation	100.0%	63.8%	77.3%
Depreciation and amortization	87.5%	82.6%	72.7%
Adjusting entries	87.5%	95.7%	86.4%
Capital stock transactions	37.5%	63.8%	77.3%

Also, the jurymen agree with the instructors in not evaluating any of these concepts as unimportant. The jurymen, like the instructors, seem to believe that an understanding of certain fundamental financial-accounting concepts in elementary accounting is essential.

Areas of Disagreement Between All Instructors and the Jurymen

In general, the instructors and the jurymen disagree with each other in their evaluations of the importance of the concepts. In the ranking of the concepts, particularly different rankings occur for fourteen of the thirty-three concepts. A tabulation of the rankings for these fourteen concepts follows:

Concept	Rankings: Jurymen	Rankings: More Experienced Instructors	Rankings: Less Experienced Instructors
Responsibility accounting[2]	6	13	21
Absorption costing[1]	6	14	22
Electronic data processing[1]	6	21	17
Present value[2]	10	23	29
Management by exception[2]	10	24	27
Payback method for proposed capital expenditures[2]	13	32	33
Return on investment for proposed capital expenditures[2]	13	29	24
Bank reconciliations[1]	15	7	10
Discounted cash flow for proposed capital expenditures[2]	17	33	30
Amortization of bond premium and discount[1]	20	12	11
Controlling accounts and subsidiary ledgers[1]	25	4	4
Reversing or readjusting entries[1]	28	8	9
Accepting notes at a discount[1]	29	20	15
Discounting notes at the bank[1]	29	19	13

[1]Financial concept

[2]Managerial concept

Of the fourteen concepts above, six are managerial concepts and eight are financial concepts. In general, the jurymen attach greater importance to the managerial concepts and less importance to the financial concepts than do either the more experienced instructors or the less experienced instructors. The jurymen are more managerial-accounting oriented than are the instructors in either of the two groups.

Summary

The more experienced instructors, the less experienced instructors, and the jurymen agree on the great importance of the financial concepts "matching of revenues and expenses," "inventory valuation," "depreciation and amortization," "adjusting entries," and "capital stock transactions." In the ranking of the concepts, on the listings of all three groups, these five concepts are ranked among the top six. All groups seem to believe that in elementary accounting an understanding of certain basic financial-accounting concepts is essential.

In general, the instructors and the jurymen disagree with each other in their evaluations of the importance of the concepts. In the ranking of the concepts, particularly different rankings occur for fourteen of the thirty-three concepts.

In the ranking of the concepts there is much similarity in the rankings for the two groups of instructors with differing job experience. Job experience does not seem to influence the instructors greatly in their evaluations of the importance of the concepts. The type of accounting job experience encountered by the instructors apparently does not change their attitudes toward the concepts from those previously established.

The next division is a discussion of the instructors' evaluations of the relative importance of the 20 financial concepts.

Evaluation of the 20 Financial Accounting Concepts

The twenty financial concepts were arranged in order of importance according to the evaluations of the importance of the concepts by the two groups of instructors, the group with more job experience and the group with less job experience. The ranking of the concepts for the two groups of instructors is compared; and the instructors' rankings are compared with the jurymen's rankings.

This division consists of five major parts: first, areas of agreement among accounting instructors in the two job experience groups; second, areas of disagreement among accounting instructors in the two job experience groups; third, areas of agreement between all instructors and the jurymen; fourth, areas of disagreement between all instructors and the jurymen; and, fifth, the summary.

Areas of Agreement Among Accounting Instructors

The more experienced instructors and the less experienced instructors agree, in general, in their evaluations of the relative importance of the financial concepts (Table XLV). In the ranking of the financial concepts, agreement occurs at the top, the middle, and the bottom of the listings for the two groups.

TABLE XLV

INSTRUCTORS' RANKING OF FINANCIAL CONCEPTS ACCORDING TO ACCOUNTING JOB EXPERIENCE

Concept	Ranking of Concepts: Jurymen	More Experienced Instructors	Less Experienced Instructors
Matching of revenues and expenses	1	3	2
Inventory valuation	1	5	5
Adjusting entries	3	1	1
Depreciation and amortization	3	2	6
Continuing business or going concern	5	9	7
Absorption costing	6	12	18
Electronic data processing	6	16	15
Capital stock transactions	6	6	3
Bank reconciliations	9	7	9
Treasury stock	10	13	11
Amortization of bond premium and discount	11	11	10
Estimating inventories	12	19	20
Petty cash	13	18	16
Equivalent finished units	13	10	19
Controlling accounts and subsidiary ledgers	15	4	4
Dissolution of partnership	16	17	13
Reversing or readjusting entries	17	8	8
Accepting notes at a discount	18	15	14
Discounting notes at the bank	18	14	12
Bonus or goodwill in investment in partnership	20	20	16

Nine of the twenty concepts rank very similarly on the rankings for the two groups. A tabulation of these very similar rankings is shown on the following page.

Concept	Rankings: More Experienced Instructors	Rankings: Less Experienced Instructors
Adjusting entries	1	1
Controlling accounts and subsidiary ledgers	4	4
Inventory valuation	5	5
Reversing or readjusting entries	8	8
Matching of revenues and expenses	3	2
Electronic data processing	16	15
Amortization of bond premium and discount	11	10
Estimating inventories	19	20
Accepting notes at a discount	15	14

Job experience does not seem to greatly influence the junior college accounting instructors in their evaluations of the importance of the financial concepts.

Areas of Disagreement Among Accounting Instructors

Only two of the twenty financial concepts rank particularly different in the rankings of the financial concepts for the two groups of instructors: "absorption costing" and "equivalent finished units." Both of these concepts rank much higher on the listing for the more experienced instructors. "Absorption costing" ranks 12th on the more-experienced instructors' listing, whereas it ranks 18th on the less-experienced instructors' listing. And "equivalent finished units" ranks 10th on the more-experienced instructors' listing, whereas it ranks 19th on the less-experienced instructors' listing.

Perhaps the job experience of the more experienced instructors has convinced them of the growing importance of cost accounting in industry.

Areas of Agreement Between All Instructors and the Jurymen

The jurymen agree, in general, with both groups of instructors in the evaluation of the relative importance of fifteen of the twenty financial concepts.

In comparing the rankings of the financial concepts, the more experienced instructors agree more closely with the jurymen on ten of the twenty concepts, whereas the less experienced instructors agree more closely with the jurymen on six of the concepts.

The more experienced instructors may be influenced by their job experience in the evaluation of the importance of some of the concepts, and thus they tend to agree more closely with the jurymen who are prominent accounting educators that presumably understand what is transpiring in accounting practice.

Areas of Disagreement Between All Instructors and the Jurymen

The jurymen and the two groups of instructors differ in their evaluations of the relative importance of five of the financial concepts. A tabulation of the dissimilar rankings of the concepts for the three groups follows:

	Ranking of Concepts		
Concept	Jurymen	More Experienced Instructors	Less Experienced Instructors
Absorption costing	6	12	18
Electronic data processing	6	16	15
Estimating inventories	12	19	20
Controlling accounts and subsidiary ledgers	15	4	4
Reversing or readjusting entries	17	8	8

In the ranking of the financial concepts, the jurymen's rankings are much higher than the rankings for the two groups of instructors for "absorption costing," "electronic data processing," and "estimating inventories," whereas the jurymen rankings for "controlling accounts and subsidiary ledgers" and "reversing or readjusting entries" are much lower than the instructors' rankings.

"Absorption costing," "electronic data processing," and "estimating inventories" are important in accounting practice, which is properly recognized by the jurymen. Possibly the type of job experience encountered by the junior college instructors has not included strong treatment of these concepts.

The jurymen believe that "controlling accounts and subsidiary ledgers" and "reversing or readjusting entries" are much less important than do either the more experienced instructors or the less experienced instructors. There is no difference in the degree of importance attached to these two concepts by the two groups of instructors, so it is assumed that job experience does not affect the evaluation of the importance of these concepts. The two groups of instructors may be more influenced by the broad treatment of the concepts in the leading textbooks.

Summary

The more experienced instructors and the less experienced instructors agree, in general, in their evaluations of the relative importance of the financial concepts. Job experience does not seem to greatly influence the junior college accounting instructors in their evaluations of the importance of financial concepts.

Only two of the twenty financial concepts "absorption costing" and "equivalent finished units" rank particularly different in the rankings of the concepts for the two groups of instructors. Both of these cost accounting concepts rank higher on the more-experienced instructors' listing than on the less-experienced instructors' listing. Perhaps the job experience of the more experienced instructors has convinced them of the growing importance of cost accounting in industry.

The jurymen agree, in general, with both groups of instructors in the evaluation of the relative importance of fifteen of the twenty financial accounting concepts.

The next division is a discussion of the instructors' evaluations of the relative importance of the 13 managerial concepts.

Evaluation of the 13 Managerial Accounting Concepts

The thirteen managerial concepts were ranked in order of importance for the two groups of instructors according to the instructors evaluations of the relative importance of the concepts. The ranking of the concepts for the two groups of instructors is compared; and the instructors' rankings are compared with the jurymen's rankings.

This division consists of five major parts: first, areas of agreement among accounting instructors in the two job experience groups; second, areas of disagreement among accounting instructors in the two job experience groups; third, areas of agreement between all instructors and the jurymen; fourth, areas of disagreement between all instructors and the jurymen; and, fifth, the summary.

Areas of Agreement Among Accounting Instructors

The two groups of instructors agree, in general, on the relative importance of the managerial accounting concepts (Table XLVI). In the ranking of the managerial concepts, similar rankings occur at the top, the middle, and the bottom of the listings.

In the ranking of the managerial concepts, on both the more-experienced instructors' ranking and the less-experienced instructors' ranking "internal control," "responsibility accounting," "ratio analysis," "direct costing," and "standard costs" rank at the top of the list. At least 75 percent of the instructors in each group

TABLE XLVI

INSTRUCTORS' RANKING OF MANAGERIAL CONCEPTS ACCORDING TO ACCOUNTING JOB EXPERIENCE

Concept	Ranking of Concepts: Jurymen	More Experienced Instructors	Less Experienced Instructors
Responsibility accounting	1	2	4
Internal control	2	1	1
Present value	2	7	9
Management by exception	2	8	7
Return on investment for proposed capital expenditures	5	11	6
Payback method for proposed capital expenditures	5	12	13
Direct costing	7	5	2
Discounted cash flow for proposed capital expenditures	8	13	10
Ratio analysis	8	3	3
Standard costs	10	4	5
Normal capacity as related to manufacturing overhead allocation and anslysis	11	9	12
Departmentalized organization	12	6	8
Branch reciprocal accounting	13	10	11

evaluate these concepts as either very important or moderately important. A tabulation of the instructors' rankings of these concepts, and the evaluation of importance of the concepts follows:

	More Experienced Instructors			Less Experienced Instructors		
Concept	Rank	Very Imp.	Mod. Imp.	Rank	Very Imp.	Mod. Imp.
Internal control	1	47.9%	45.8%	1	57.2%	33.3%
Responsibility accounting	2	35.3%	55.9%	4	50.0%	25.0%
Ratio analysis	3	32.6%	51.2%	3	33.3%	42.9%
Direct costing	5	31.6%	47.4%	2	20.0%	73.3%
Standard costs	4	35.7%	40.5%	5	20.0%	66.7%

The amount of job experience seems to have very little effect on the instructors in their evaluation of the relative importance of managerial accounting concepts. It may be that the accounting job experience of the junior college instructors has not included major responsibilities involving managerial accounting.

Areas of Disagreement Among Accounting Instructors

"Return on investment for proposed capital expenditures" is the only concept which is ranked markedly different on the rankings of the managerial concepts for the two groups. This concept is ranked eleventh on the more-experienced instructors' listing and sixth on the less-experienced instructors' listing.

The less experienced instructors evaluate "return on investment for proposed capital expenditures" only slightly more important than the seven concepts ranked lower on the ranking of the managerial concepts. Perhaps some of the less experienced instructors have encountered this concept in their job experience.

Areas of Agreement Between All Instructors and the Jurymen

The jurymen agree with both groups of instructors in their evaluations of the relative importance of "responsibility accounting," "internal control," "normal capacity as related to manufacturing overhead allocation and analysis," and "branch reciprocal accounting."

"Responsibility accounting" and "internal control" are ranked high on the listings of all three groups in the rankings of the managerial concepts. These concepts receive strong emphasis in the elementary accounting textbooks and are very important in accounting practice.

"Normal capacity as related to manufacturing overhead allocation and analysis" and "branch reciprocal accounting" are ranked low on the listings of all three groups in the rankings of the managerial concepts. It may be that they believe these concepts should be taught in advanced accounting courses, rather than in elementary accounting.

Areas of Disagreement Between All Instructors and the Jurymen

In general, the jurymen disagree with both groups of instructors concerning the relative importance of the managerial concepts. The jurymen evaluate seven of the thirteen concepts quite differently from the two groups of instructors. A tabulation of the rankings for these concepts in the listings of the concepts for the three groups follows:

Concept	Jurymen	Rankings: More Experienced Instructors	Rankings: Less Experienced Instructors
Present value	2	7	9
Management by exception	2	8	7
Payback method for proposed capital expenditures	5	12	13
Direct costing	7	5	2
Ratio analysis	8	3	3
Standard costs	10	4	5
Departmentalized organization	12	6	8

The junior college accounting instructors may differ with the jurymen in their evaluations of the relative importance of the managerial concepts because of a less thorough understanding of the concepts or perhaps different objectives in junior college accounting courses and in elementary accounting taught in universities.

In the ranking of the managerial concepts, the jurymen agree somewhat more closely with the less experienced instructors than with the more experienced instructors. The jurymen agree more closely with the less experienced instructors on the rankings of seven of the concepts, while they agree more closely with the more experienced instructors on the rankings of four of the concepts. Thus, job experience in accounting seems to cause the instructors to disagree more thoroughly with the jurymen. Apparently the job experience of the instructors has not included major responsibility in dealing with managerial accounting procedures.

Summary

The two groups of instructors agree, in general, on the relative importance of the managerial accounting concepts. Agreement occurs at the top, the middle, and the bottom of the listings of the rankings of the managerial concepts.

In general, the jurymen disagree with the two groups of instructors concerning the relative importance of the managerial concepts. The jurymen differ with both the more experienced group and the less experienced group rather markedly on the relative importance of seven of the thirteen concepts. Perhaps the instructors have a less thorough understanding of the concepts than do the jurymen of they may have different objectives for the elementary accounting courses.

The amount of accounting job experience seems to have very little effect on the instructors' evaluations of the relative importance of the managerial accounting concepts. It may be that the accounting job experience of the junior college instructors has not included major responsibilities involving managerial accounting procedures.

The next division is a discussion of the extent to which the instructors include the 33 concepts in their teaching.

Accounting Concepts Taught

The thirty-three concepts are ranked according to their inclusion in teaching by the instructors for both the more experienced group and the less experienced group and for the jurymen. The concepts taught by the greatest number of instructors are ranked highest; the concepts taught by the least number of instructors are ranked lowest.

The division consists of three parts: first, a discussion of the financial concepts taught; second, a discussion of the managerial concepts taught; and, third, the summary.

Financial Concepts

Thirteen of the fourteen concepts taught by all of the more experienced instructors, twelve of the thirteen concepts taught by all of the less experienced instructors, and nine of the thirteen concepts taught by all of the jurymen are financial concepts (Table XLVII). All accounting instructors seem to believe that an understanding of certain basic financial-accounting concepts is necessary in elementary accounting.

Nineteen of the twenty-four concepts most often taught by the less experienced instructors and nineteen of the twenty-three concepts most often taught by the more experienced instructors are financial concepts, whereas only thirteen of the twenty-three concepts most often taught by the jurymen are financial concepts.

Of the nine concepts least often taught by the less experienced instructors and of the ten concepts least often taught by the more experienced instructors, only one is a financial concept; whereas, of the ten concepts least often taught by the jurymen, seven are financial concepts.

Both the more experienced instructors and the less experienced instructors are consistent in teaching the concepts which they consider most important. Both groups are more financial-accounting in their teaching than are the jurymen, as they are in their evaluation of the importance of the concepts.

TABLE XLVII

ACCOUNTING CONCEPTS TAUGHT BY ACCOUNTING INSTRUCTORS ACCORDING TO ACCOUNTING JOB EXPERIENCE

Concept	Included in Teaching					
	Jurymen		More Experienced Instructors		Less Experienced Instructors	
	Yes	No	Yes	No	Yes	No
Adjusting entries[1]	8	0	47	0	22	0
Depreciation and amortization[1]	8	0	46	0	22	0
Capital stock transactions[1]	8	0	47	0	22	0
Inventory valuation[1]	8	0	47	0	22	0
Internal control[2]	8	0	47	0	21	0
Treasury stock[1]	8	0	47	0	22	0
Petty cash[1]	8	0	47	0	21	0
Continuing business or going concern[1]	8	0	47	0	17	3
Matching of revenues and expenses[1]	8	0	45	1	19	1
Responsibility accounting[2]	8	0	31	15	10	11
Absorption costing[1]	8	0	37	10	15	5
Present value[2]	8	0	29	17	10	11
Standard costs[2]	8	0	42	4	15	5
Management by exception[2]	7	1	23	23	7	13
Payback method for proposed capital expenditures[2]	7	1	23	23	11	9
Return on investment for proposed capital expenditures[2]	7	1	28	17	13	7
Bank reconciliations[1]	7	1	47	0	21	0
Direct costing[2]	7	1	38	8	15	5
Ratio analysis[2]	7	1	42	5	20	0
Amortization of bond premium and discount[1]	7	1	47	0	21	0
Equivalent finished units[1]	7	1	41	5	16	4
Normal capacity as related to manufacturing overhead allocation and analysis[2]	7	1	32	16	11	9
Controlling accounts and subsidiary ledgers[1]	7	1	47	0	21	0
Electronic data processing[1]	6	2	25	18	8	11

[1]Financial concept

[2]Managerial concept

TABLE XLVII (CONTINUED)

Concept	Included in Teaching: Jurymen Yes	Jurymen No	More Experienced Instructors Yes	More Experienced Instructors No	Less Experienced Instructors Yes	Less Experienced Instructors No
Discounted cash flow for proposed capital expenditures[2]	6	2	25	20	10	9
Estimating inventories[1]	6	2	47	0	19	3
Dissolution of partnership[1]	5	3	47	0	21	0
Departmentalized organization[2]	5	3	45	2	20	1
Bonus or goodwill in investment in partnership[1]	5	3	45	2	20	1
Reversing or readjusting entries[1]	4	4	45	2	21	1
Accepting notes at a discount[1]	4	4	44	3	21	1
Discounting notes at the bank[1]	4	4	47	0	22	0
Branch reciprocal accounting[2]	3	5	42	5	15	6

Managerial Concepts

The jurymen include a greater number of the managerial concepts in their teaching than do either the more experienced instructors or the less experienced instructors. At least six out of eight of the jurymen teach eleven of the thirteen managerial concepts, whereas less than seventy-five percent of the accounting instructors in either group teach as many as seven of the thirteen managerial concepts.

Only five of the twenty-four concepts most often taught by the less experienced instructors and only five of the twenty-three concepts most often taught by the more experienced instructors are managerial concepts.

Of the nine concepts least often taught by the less experienced instructors and of the ten concepts least often taught by the more experienced instructors, eight are managerial concepts; whereas, of the ten concepts least often taught by the jurymen, only three are managerial concepts.

The jurymen are more managerial-accounting oriented in their teaching than are either the more experienced instructors or the less experienced instructors, as they are in their evaluations of the importance of the concepts.

Summary

Both the more experienced instructors and the less experienced instructors are consistent in teaching the concepts which they consider most important. Both groups are more financial-accounting oriented in their teaching than are the jurymen, as were they in their evaluations of the importance of the concepts.

The jurymen include a greater number of the managerial concepts in their teaching than do either the more experienced instructors or the less experienced instructors. At least six out of eight of the jurymen teach eleven of the thirteen managerial concepts, whereas less than seventy-five percent of the accounting instructors in either groups teach as many as seven of the thirteen managerial concepts.

The next division is the chapter summary.

Chapter Summary

The more experienced instructors, the less experienced instructors, and the jurymen all seem to believe that an understanding of certain basic financial concepts is essential in elementary accounting. In the ranking of the concepts, five financial accounting concepts rank among the top six on the listings for all three groups: "matching of revenues and expenses," "inventory valuation," "depreciation and amortization," "adjusting entries," and "capital stock transactions."

In the ranking of the concepts, the financial concepts rank higher on both the more-experienced instructors' listing and the less-experienced instructors' listing, than on the jurymen's listing; also, both groups of instructors include a greater number of the financial concepts in their teaching than do the jurymen.

Conversely, in the ranking of the concepts, the managerial concepts rank higher on the jurymen's listing than on either the more-experienced instructors' or less-experienced instructors' listings; and the jurymen teach more of the managerial concepts than do either of the two groups of instructors.

The two groups of instructors agree, in general, in their evaluations of the relative importance of both the financial and managerial concepts. The kinds of accounting job experience encountered by the instructors does not seem to affect their attitudes toward the importance of the accounting concepts.

In general, the jurymen agree with both groups of instructors in their evaluations of the relative importance of the financial concepts, but the jurymen disagree with the instructors in their evaluations of the relative importance of the managerial concepts. Perhaps the instructors have a less thorough understanding of the managerial concepts.

CHAPTER VI

INSTRUCTORS' EVALUATIONS OF THE ACCOUNTING CONCEPTS ACCORDING TO ACCOUNTING EDUCATION

Introduction

This chapter presents data to indicate whether or not the amount of accounting education influences the instructors' evaluations of the importance of accounting concepts. The instructors are divided into three groups, according to semester hours earned in accounting. Instructors with less than 13 semester hours are designated as having minimum accounting education; instructors with 13-28 semester hours are designated as having moderate accounting education; and instructors with over 28 semester hours are designated as accounting majors.

It is assumed that instructors with greater amounts of accounting education may be more likely to agree with university instructors and with the jurymen in their evaluations of the importance of accounting concepts.

The chapter consists of five major divisions: first, the instructors' evaluations of the 33 concepts as a whole; second, the instructors' evaluations of the relative importance of the 20 financial concepts; third, the instructors' evaluations of the relative importance of the 13 managerial concepts; fourth, a discussion of the extent to which instructors include the 33 concepts in their teaching; and, fifth, the summary.

Evaluation of the 33 Accounting Concepts

The 33 accounting concepts were ranked in order of importance for each of the three groups of instructors according to accounting education, those with minimum education (less than 13 semester hours), those with moderate education (13-28 semester hours), and those with the accounting major (over 28 semester hours). The ranking of the concepts for the three groups of instructors is compared; and the instructors' rankings are compared with the jurymen rankings.

This division consists of five major parts: first, areas of agreement among accounting instructors in the three accounting education groups; second, areas of disagreement among accounting instructors in the three accounting education groups; third, areas of agreement between all instructors and the jurymen; fourth, areas of disagreement between all instructors and the jurymen; and, fifth, the summary.

Areas of Agreement Among Accounting Instructors

In the ranking of the concepts, rankings for the three groups of instructors are similar. Twenty-five of the thirty-three concepts rank similarly on the listings for the three groups (Table XLVIII).

All groups of instructors agree on the great importance of the financial concepts "matching of revenues and expenses," "depreciation and amortization," "adjusting entries," "capital stock transactions," and "controlling accounts and subsidiary ledgers." In the ranking of the concepts, these five concepts rank among the top six on the listings of all three groups. All accounting instructors seem to

TABLE XLVIII

INSTRUCTORS' RANKING OF CONCEPTS ACCORDING TO ACCOUNTING EDUCATION

Concept	Jurymen	Minimum Education	Moderate Education	Accounting Majors
Matching of revenues and expenses[1]	1	2	2	3
Inventory valuation[1]	1	7	5	4
Depreciation and amortization[1]	3	4	3	2
Adjusting entries[1]	3	2	1	1
Continuing business or going concern[1]	5	10	14	10
Capital stock transactions[1]	6	4	5	5
Responsibility accounting[2]	6	24	12	18
Absorption costing[1]	6	24	19	14
Electronic data processing[1]	6	16	13	25
Internal control[2]	10	8	8	12
Present value[2]	10	28	24	24
Management by exception[2]	10	31	20	29
Payback method for proposed capital expenditures[2]	13	33	31	32
Return on investment for proposed capital expenditures[2]	13	26	24	27
Bank reconciliations[1]	15	8	9	7
Direct costing[2]	16	29	18	17
Discounted cash flow for proposed capital expenditures[2]	17	30	31	31
Treasury stock[1]	17	12	17	11
Ratio analysis[2]	17	19	22	13
Amortization of bond premium and discount[1]	20	15	10	8
Estimating inventories[1]	21	32	23	30
Petty cash[1]	22	22	24	20
Equivalent finished units[1]	22	19	15	9
Standard costs[2]	22	17	16	19

[1]Financial concept

[2]Managerial concept

TABLE XLVIII (CONTINUED)

Concept	Jurymen	Minimum Education	Moderate Education	Accounting Majors
Normal capacity as related to manufacturing overhead allocation and analysis[2]	25	23	33	26
Controlling accounts and subsidiary ledgers[1]	25	1	4	6
Dissolution of partnership[1]	27	10	27	22
Reversing or readjusting entries[1]	28	6	7	15
Accepting notes at a discount[1]	29	14	21	21
Discounting notes at the bank[1]	29	18	11	16
Departmentalized organization[2]	31	19	29	23
Bonus or goodwill in investment in partnership[1]	32	13	28	33
Branch reciprocal accounting[2]	33	27	30	28

believe that an understanding of certain basic financial concepts is essential in elementary accounting.

In the ranking of the concepts, three managerial concepts are ranked near the bottom of the listing for all groups--"payback method for proposed capital expenditures," "discounted cash flow for proposed capital expenditures," and "branch reciprocal accounting." Although very few instructors evaluated these concepts as unimportant, very few evaluated them as very important. A tabulation of the instructors' rankings and of their evaluations of the importance of the concepts follows:

Concept	Ranking	Importance: Very	Moderately	Slightly	Unimportant
Payback method for proposed capital expenditures					
Minimum Education	33	-	57.1%	28.6%	14.3%
Moderate Education	31	17.6%	47.1%	35.3%	-
Accounting Majors	32	7.1%	50.0%	35.8%	7.1%
Discounted cash flow for proposed capital expenditures					
Minimum Education	30	-	71.4%	28.6%	-
Moderate Education	31	17.6%	47.1%	35.3%	-
Accounting Majors	31	7.6%	46.2%	46.2%	-
Branch reciprocal accounting					
Minimum Education	27	20.0%	40.0%	40.0%	-
Moderate Education	30	25.0%	41.7%	25.0%	8.3%
Accounting Majors	28	13.6%	59.1%	18.2%	9.1%

Possibly the instructors consider these managerial concepts to be inappropriate for study in elementary accounting. They may believe that it would be more appropriate to introduce them in advanced accounting.

In general, all three groups agree in their evaluations of the importance of the managerial concepts. In the ranking of the concepts, the managerial concepts rank considerably lower than do the financial concepts on the listings for all three groups. A tabulation of the instructors' rankings for the managerial concepts follows:

Managerial concepts	Rankings		
	Minimum Education	Moderate Education	Accounting Majors
Responsibility accounting	24	12	18
Internal control	8	8	12
Present value	28	24	24
Management by exception	31	20	29
Payback method for proposed capital expenditures	33	31	32
Return on investment for proposed capital expenditures	26	24	27
Direct costing	29	18	17
Discounted cash flow for proposed capital expenditures	30	31	31
Ratio analysis	19	22	13
Standard costs	17	16	19
Normal capacity as related to manufacturing overhead allocation and analysis	23	33	26
Departmentalized organization	19	29	23
Branch reciprocal accounting	27	30	28

The instructors may be strongly influenced by their textbooks, which have placed much greater emphasis on financial concepts than on managerial concepts.

Accounting education apparently has little influence on the instructors in their evaluations of the importance of either the financial concepts or managerial concepts in elementary accounting.

Areas of Disagreement Among Accounting Instructors

There is little disagreement among the three accounting education groups in their evaluations of the importance of the accounting concepts.

In comparing the rankings of the concepts for the groups which are most different, the minimum education group and the accounting major group, eight financial concepts and one managerial concept rank somewhat differently on the listings for the two groups. The financial concepts on which the rankings differ are "absorption costing," "electronic data processing," "amortization of bond premium and discount," "equivalent finished units," "dissolution of partnership," "reversing or readjusting entries," "accepting notes at a discount," and "bonus or goodwill in investment in partnership." The managerial concept on which the rankings differ is "direct costing." The following tabulation presents a comparison of the rankings of the concepts for the minimum education group and the accounting major group:

Concept	Rankings: Minimum Education	Rankings: Accounting Majors
Absorption costing	24	14
Electronic data processing	16	25
Amortization of bond premium and discount	15	8
Equivalent finished units	19	9
Dissolution of partnership	10	22
Reversing or readjusting entries	6	15
Accepting notes at a discount	14	21
Bonus or goodwill in investment in partnership	13	33
Direct costing	29	17

In the ranking of the concepts "absorption costing," "amortization of bond premium and discount," "equivalent finished units," and "direct costing" are ranked higher on the listing for the accounting major group than on the listing for the minimum education group. The accounting major group may better recognize the increasing importance of cost accounting in industry. More intensive study of corporate accounting may have influenced the accounting majors to evaluate "amortization of bond premium and discount" more highly than do the instructors in the minimum education group.

In the ranking of the concepts "electronic data processing," "dissolution of partnership," "reversing or readjusting entries," "accepting notes at a discount," and "bonus or goodwill in investment in partnership" are ranked lower on the listing for the accounting major group than on the listing for the minimum education group. The accounting majors may believe that these concepts should be treated only lightly in elementary accounting and then be developed more thoroughly in advanced accounting.

Areas of Agreement Between All Instructors and the Jurymen

The jurymen and the three groups of instructors agree, in general, in their evaluations of the importance of seven of the financial concepts "matching of revenues and expenses," "inventory valuation," "depreciation and amortization," "adjusting entries," "capital stock transactions," "treasury stock," and "petty cash"; and for three of the managerial concepts "internal control," "standard costs," and "branch reciprocal accounting." A tabulation of the rankings for these concepts in the listings for the three groups follows:

Concept	Jurymen	Minimum Education	Moderate Education	Accounting Majors
	Rankings			
Matching of revenues and expenses	1	2	2	3
Inventory valuation	1	7	5	4
Depreciation and amortization	3	4	3	2
Adjusting entries	3	2	1	1
Capital stock transactions	6	4	5	5
Treasury stock	17	12	17	11
Petty cash	22	22	24	20
Internal control	10	8	8	12
Standard costs	22	17	16	19
Branch reciprocal accounting	33	27	30	28

In the ranking of the concepts, the jurymen and the instructors agree on the great importance of "matching of revenues and expenses," "inventory valuation," "depreciation and amortization," "adjusting entries," and "capital stock transactions" in that these five concepts rank among the top seven on the listings for all groups. All accounting instructors seem to believe that certain financial-accounting concepts need to be learned in elementary accounting.

"Treasury stock" and "petty cash" and "standard costs" are ranked near the middle in the listings for the three groups of instructors and the jurymen.

"Internal control" is ranked high on the listings for all groups. This concept is recognized as extremely important in all phases of management, finance, and accounting. All groups of instructors seem convinced that elementary accounting students should learn the importance of accounting procedures to effect the control of cash and other assets in a business firm.

"Branch reciprocal accounting" is ranked low on the listings of all groups. Although this concept is given prominent treatment in the popular elementary accounting textbooks, perhaps the jurymen and the instructors believe that "branch reciprocal accounting" should be postponed until advanced accounting.

There is some indication that a greater amount of accounting education tends to bring about closer agreement between the accounting instructors and the jurymen in their evaluations of the importance of the concepts. In the ranking of the concepts, in comparing the jurymen rankings with the rankings for the accounting major group and the minimum education group, the jurymen agree more closely with the accounting major group on eighteen of the concepts and more closely the with minimum education group on twelve of the concepts. Since the jurymen are also accounting majors it seems reasonable that they would agree more closely with this group than with those who have lesser accounting education.

Areas of Disagreement Between All Instructors and the Jurymen

The jurymen and the instructors in the three accounting education groups disagree, in general, in their evaluations of the importance of the concepts. In the ranking of the concepts, markedly different rankings occur for the jurymen and the instructors for eleven of the thirty-three concepts. A tabulation of the rankings for these concepts follows:

Concept	Jurymen	Minimum Education	Moderate Education	Accounting Majors
	Rankings			
Absorption costing[1]	6	24	19	14
Electronic data processing[1]	6	16	13	25
Bank reconciliations[1]	15	8	9	7
Amortization of bond premium and discount[1]	20	15	10	8
Controlling accounts and subsidiary ledgers[1]	25	1	4	6
Reversing or readjusting entries[1]	28	6	7	15
Present value[2]	10	28	24	24
Management by exception[2]	10	31	20	29
Payback method for proposed capital expenditures[2]	13	33	31	32
Return on investment for proposed capital expenditures[2]	13	26	24	27
Discounted cash flow for proposed capital expenditures[2]	17	30	31	31

[1]Financial concept

[2]Managerial concept

In general, where the jurymen rankings of the concepts differ from the instructors' rankings, the jurymen rankings for the managerial concepts are higher than are the instructors' rankings and the jurymen rankings for the financial concepts are lower than are the instructors' rankings.

In the ranking of the thirty-three concepts, the arithmetic average ranking of the thirteen managerial concepts for the jurymen is 17, much higher than the average ranking of 23 for the accounting majors and 24 for the minimum education and moderate education groups.

The jurymen seem to be more managerial accounting oriented than are any of the three accounting education groups.

Summary

Accounting education seems to have little influence on junior college accounting instructors in their evaluations of the importance of either the financial concepts or the managerial concepts.

The jurymen and all groups of instructors agree on the great importance of the financial concepts "matching of revenues and expenses," "inventory valuation," "depreciation and amortization," "adjusting entries," and "capital stock transactions." All accounting instructors seem to believe that certain financial-accounting concepts need to be learned in elementary accounting.

There is some indication that a greater amount of accounting education tends to bring about closer agreement between the accounting instructors and the jurymen in their evaluations of the importance of the concepts as a whole, but in general, all groups evaluate the managerial concepts as of lesser importance than do the jurymen.

The instructors in none of the groups evaluate the managerial concepts as unimportant, but they do evaluate them, in general, as of less importance than the financial concepts. They seem to be strongly influenced by their textbooks which have not placed strong emphasis on managerial concepts.

The next division is a discussion of the instructors' evaluations of the relative importance of the 20 financial concepts.

Evaluation of the 20 Financial Accounting Concepts

The twenty financial concepts were arranged in order of importance according to the evaluations of the importance of the concepts by the three groups of junior college instructors according to accounting education, instructors with minimum education, instructors with moderate education, and instructors with the accounting major. The rankings of the concepts for the three groups of instructors are compared, and the instructors' rankings are compared with the jurymen rankings.

This division consists of five major parts: first, areas of agreement among accounting instructors in the three accounting education groups; second, areas of disagreement among accounting instructors in the three accounting education groups; third, areas of agreement between all instructors and the jurymen; fourth, areas of disagreement between all instructors and the jurymen; and, fifth, the summary.

Areas of Agreement Among Accounting Instructors

In the ranking of the financial concepts, the rankings for the accounting major group and the moderate education group are similar, but the rankings for the minimum education group differ somewhat from the rankings for the other two groups. (Table XLIX)

TABLE XLIX

INSTRUCTORS' RANKING OF FINANCIAL CONCEPTS ACCORDING TO ACCOUNTING EDUCATION

Concept	Jurymen	Minimum Education	Moderate Education	Accounting Major
Matching of revenues and expenses	1	2	2	3
Inventory valuation	1	7	5	4
Adjusting entries	3	1	1	1
Depreciation and amortization	3	4	3	2
Continuing business or going concern	5	9	12	10
Absorption costing	6	19	15	12
Electronic data processing	6	15	11	18
Capital stock transactions	6	4	5	5
Bank reconciliations	9	8	8	7
Treasury stock	10	11	14	11
Amortization of bond premium and discount	11	14	9	8
Estimating inventories	12	20	17	19
Petty cash	13	18	18	15
Equivalent finished units	13	17	13	9
Controlling accounts and subsidiary ledgers	15	1	4	6
Dissolution of partnership	16	10	19	17
Reversing or readjusting entries	17	6	7	13
Accepting notes at a discount	18	13	16	16
Discounting notes at the bank	18	16	10	14
Bonus or goodwill in investment in partnership	20	12	20	20

Nine of the twenty financial concepts rank very similarly on the listings for the accounting major group and the moderate education group. On the listings for the two groups, four concepts rank exactly alike--"adjusting entries," "capital stock transactions," "accepting notes at a discount," and "bonus or goodwill in investment in partnership." A tabulation of the rankings follows:

Concept	Rankings: Accounting Majors	Rankings: Moderate Education
Adjusting entries	1	1
Capital stock transactions	5	5
Accepting notes at a discount	16	16
Bonus or goodwill in investment in partnership	20	20
Matching of revenues and expenses	3	2
Inventory valuation	4	5
Depreciation and amortization	2	3
Bank reconciliations	7	8
Amortization of bond premium and discount	8	9

In general, the concepts which rank similarly on the listings are the concepts which rank toward the top of the listings. These concepts are the ones which the instructors consider most important in the learning of elementary accounting. The instructors may believe that "accepting notes at a discount" and "bonus or goodwill in investment in partnership" would be more proper subjects for study in advanced accounting.

Areas of Disagreement Among Accounting Instructors

The accounting majors and the moderate education group, in the ranking of the financial concepts, disagree sharply on only two of the concepts, "electronic data processing" and "reversing or readjusting entries." "Electronic data processing" ranks eighteenth on the listing for the accounting major group, whereas it ranks eleventh on the listing for the moderate education group; "reversing or readjusting entries" ranks thirteenth on the listing for the accounting major group, whereas it ranks seventh on the listing for the moderate education group.

The accounting majors attach relatively little importance to "electronic data processing" among the financial concepts. Perhaps they believe this concept should be taught in some type of business course other than accounting.

In comparing the evaluations of the relative importance of the financial concepts for the accounting major group and the minimum education group, the groups most different in the amount of accounting education obtained, the two groups differ markedly in their evaluations of the importance of six of the financial concepts "absorption costing," "amortization of bond premium and discount," "equivalent finished units," "dissolution of partnership," "reversing or readjusting entries," and "bonus or goodwill in investment in partnership." A tabulation of the rankings of the concepts follows:

Concept	Rankings: Accounting Majors	Rankings: Minimum Education
Absorption costing	12	19
Amortization of bond premium and discount	8	14
Equivalent finished units	9	17
Dissolution of partnership	17	10
Reversing or readjusting entries	13	7
Bonus or goodwill in investment in partnership	20	12

The accounting major group seems to better realize the current trends in accounting education. Cost accounting is receiving more extensive treatment in elementary accounting, and these concepts are ranked higher on the accounting majors' listing than on the listing for the minimum education group. Partnership accounting is being deemphasized in the leading elementary accounting textbooks, and this is reflected in the low rankings of the partnership concepts on the accounting majors' listing.

Areas of Agreement Between All Instructors and the Jurymen

The jurymen agree rather closely with the three groups of instructors in their evaluations of the relative importance of seven of the financial concepts "matching of revenues and expenses," "adjusting entries," "depreciation and amortization," "capital stock transactions," "bank reconciliations," "treasury stock," and "amortization of bond premium and discount."

The instructors agree on the relatively great importance of "matching of revenues and expenses," "adjusting entries," "depreciation and amortization," and "capital stock transactions." In the ranking of the financial concepts, these four concepts are ranked no lower than sixth in any of the listings. An understanding of these basic financial-accounting concepts seems to be considered essential in learning elementary accounting principles.

"Bank reconciliations," "treasury stock," and "amortization of bond premium and discount" rank near the middle in the ranking of the financial concepts for all groups. The jurymen and the accounting instructors recognize the importance of reconciling the bank account with the bank statement, and they recognize the importance of "treasury stock" and "amortization of bond premium and discount" in obtaining a basic understanding of corporation accounting.

Areas of Disagreement Between All Instructors and the Jurymen

The jurymen sharply disagree with the instructors in all of the accounting education groups in the evaluation of the relative importance of four financial concepts "absorption costing," "electronic data processing," "estimating inventories," and "controlling accounts and subsidiary ledgers." A tabulation of the rankings for the concepts follows:

Concept	Jurymen	Rankings: Minimum Education	Moderate Education	Accounting Majors
Absorption costing	6	19	15	12
Electronic data processing	6	15	11	18
Estimating inventories	12	20	17	19
Controlling accounts and subsidiary ledgers	15	1	4	6

In the rankings of the financial concepts, the jurymen's rankings for "absorption costing," "electronic data processing," and "estimating inventories" are much higher than the rankings for the three accounting education groups. The jurymen may be more cognizant of the importance of cost accounting in industry, and they seem to believe that this traditional cost concept "absorption costing" is very important to elementary accounting students. The increasing use of computers may convince the jurymen, more than the instructors, that "electronic data processing" should be emphasized in elementary accounting. "Estimating inventories" is a concept that is appropriate for any firm needing inventories for interim statements; the jurymen believe that "estimating inventories" is relatively important, but each of the accounting education groups consider it as relatively unimportant. Another traditional financial-accounting concept "controlling accounts and subsidiary ledgers" is ranked very high on the listings of all three accounting education groups, whereas the jurymen ranking is relatively low. Perhaps the jurymen consider "controlling accounts and subsidiary ledgers" to be a relatively simple concept and thus they evaluate other financial concepts as of greater importance.

Summary

In the rankings of the financial concepts, the rankings for the accounting major group and the moderate education group are similar, but the rankings for the minimum education group differ somewhat from the rankings for the other two groups. Perhaps the accounting majors and the moderate education group better realize the current trends in accounting education than does the minimum education group.

The jurymen do not agree closely with any of the accounting education groups in their evaluations of the relative importance of the financial-accounting concepts, but they agree somewhat more closely with the accounting major group and moderate education group than with the minimum education group. Accounting education may have some influence on junior college accounting instructors in their evaluations of the relative importance of financial-accounting concepts.

The next division is a discussion of the instructors' evaluations of the relative importance of the 13 managerial concepts.

Evaluation of the 13 Managerial Accounting Concepts

The thirteen managerial concepts were ranked in order of importance as evaluated by the three groups of instructors. The rankings of the managerial concepts for the three groups of instuctors according to accounting education are compared; and the instructors' rankings are compared with the jurymen's rankings.

This division consists of five major parts: first, areas of agreement among accounting instructors in the three accounting education groups; second, areas of disagreement among accounting instructors in the three accounting education groups; third, areas of agreement between all instructors and the jurymen; fourth, areas of disagreement between all instructors and the jurymen; and, fifth, the summary.

Areas of Agreement Among Accounting Instructors

In the ranking of the managerial concepts, the rankings are similar, in general, for the minimum education group, the moderate education group, and the accounting major group (Table L). Seven of

TABLE L

INSTRUCTORS' RANKING OF MANAGERIAL CONCEPTS ACCORDING TO ACCOUNTING EDUCATION

Concept	Jurymen	Minimum Education	Moderate Education	Accounting Majors
Responsibility accounting	1	6	2	4
Internal control	2	1	1	1
Present value	2	9	7	7
Management by exception	2	12	5	11
Return on investment for proposed capital expenditures	5	7	7	9
Payback method for proposed capital expenditures	5	13	11	13
Direct costing	7	10	4	3
Discounted cash flow for proposed capital expenditures	8	11	11	12
Ratio analysis	8	3	6	2
Standard costs	10	2	3	5
Normal capacity as related to manufacturing overhead allocation and analysis	11	5	13	8
Departmentalized organization	12	3	9	6
Branch reciprocal accounting	13	8	10	10

the thirteen concepts rank very similarly on the listings for the three groups. A tabulation of the rankings follows:

Concept	Rankings: Minimum Education	Moderate Education	Accounting Majors
Internal control	1	1	1
Standard costs	2	3	5
Present value	9	7	7
Return on investment for proposed capital expenditures	7	7	9
Branch reciprocal accounting	8	10	10
Discounted cash flow for proposed capital expenditures	11	11	12
Payback method for proposed capital expenditures	13	11	13

Agreement exists at the top, at the middle, and at the bottom of the rankings. "Internal control" and "standard costs" rank high on the listings for all groups, whereas "discounted cash flow for proposed capital expenditures" and "payback method for proposed capital expenditures" rank low on the listings for all groups.

The instructors in all groups believe that "internal control" is the most important of the managerial concepts listed. This concept is emphasized in accounting courses, as well as in courses in finance and management. The high ranking for "standard costs" may indicate that the instructors in all groups recognize the growing importance of cost accounting in industry.

Low rankings for "discounted cash flow for proposed capital expenditures" and "payback method for proposed capital expenditures" may occur because they believe that these concepts are not appropriate subjects for elementary accounting. They may believe that study of these concepts should be postponed until advanced accounting.

Comparing the rankings of the concepts for the minimum education group and the accounting major group, the rankings are similar for twelve of the thirteen managerial concepts. Accounting education does not seem to affect the junior college instructors in their evaluations of the relative importance of the managerial concepts.

Areas of Disagreement Among Accounting Instructors

Comparing the rankings of the managerial concepts for the minimum education group and the accounting major group, only "direct costing" ranks quite differently on the listings for the two groups. The accounting majors consider "direct costing" to be much more important than does the minimum education group. In the ranking of the managerial concepts, this concept ranks third on the accounting majors' listing, whereas it ranks tenth on the minimum education group's listing.

It may be that some of the instructors with minimum education have never been introduced to "direct costing." They may have not had an accounting course which included this concept. Only recently has "direct costing" been introduced in the leading elementary accounting textbooks.

Areas of Agreement Between All Instructors and the Jurymen

The jurymen agree with all of the accounting instructors in evaluating "internal control" as of relatively great importance. Otherwise, in general, the jurymen disagree with the instructors in all three groups in their evaluations of the relative importance of the managerial concepts.

Areas of Disagreement Between All Instructors and the Jurymen

In the ranking of the managerial concepts, the ranking of the concepts on the jurymen's listing differs from the rankings for the accounting education groups on twelve of the thirteen concepts. Sharply different rankings occur for the concepts "management by exception," "payback method for proposed capital expenditures," "standard costs," and "departmentalized organization." A tabulation of the rankings for the concepts follows:

Concept	Rankings: Jurymen	Minimum Education	Moderate Education	Accounting Majors
Management by exception	2	12	5	11
Payback method for proposed capital expenditures	5	13	11	13
Standard costs	10	2	3	5
Departmentalized organization	12	3	9	6

Though there is a growing trend toward managerial-accounting concepts in elementary accounting, the jurymen differ from the junior college instructors in their evaluation of the relative importance of the managerial concepts.

The jurymen evaluate "management by exception" and "payback method for proposed capital expenditures" as of much greater importance than do the accounting education instructors groups. These concepts have traditionally been subjects for advanced accounting courses and only recently have been introduced in elementary accounting. The jurymen seem to believe that they should now receive prominent treatment in elementary accounting.

The jurymen evaluate "standard costs" and "departmentalized organization" as of much less importance than do the instructors. The jurymen may believe that broad treatment of these concepts should be postponed until advanced accounting.

The jurymen seem to advocate greater emphasis on some of the newer managerial concepts now being included in the elementary accounting textbooks, and lesser emphasis on some of the traditional managerial concepts.

Summary

In the ranking of the managerial concepts, the rankings are similar, in general, for the minimum education group, the moderate education group, and the accounting major group. Agreement exists at the top, at the middle, and at the bottom of the rankings.

Accounting education does not seem to affect the junior college instructors in their evaluations of the relative importance of the managerial concepts.

In general, the jurymen disagree with the instructors in the three groups in their evaluations of the relative importance of the managerial concepts. The jurymen seem to advocate greater emphasis on some of the newer managerial concepts now being introduced in the elementary accounting textbooks, and lesser emphasis on some of the traditional managerial concepts.

The next division is a discussion of the extent to which the instructors include the 33 concepts in their teaching.

Accounting Concepts Taught

The thirty-three concepts are ranked according to their inclusion in teaching for the minimum education group, the moderate education group, and the accounting major group and for the jurymen. The concepts taught by the greatest number of instructors are ranked highest; the concepts taught by the least number of instructors are ranked lowest.

The division consists of three parts: first, a discussion of the financial concepts taught; second, a discussion of the managerial concepts taught; and, third, the summary.

Financial Concepts

Fourteen of the sixteen concepts taught by all of the instructors in the minimum education group, twelve of the thirteen concepts taught by all of the instructors in the moderate education group, thirteen of the fourteen concepts taught by all of the instructors in the accounting major group, and nine of the thirteen concepts taught by all of the jurymen are financial concepts (Table LI). All accounting instructors seem to feel that it is necessary to learn certain fundamental financial-accounting concepts in elementary accounting.

Nineteen of the twenty-five concepts taught by the greatest number of instructors in the minimum education group and in the accounting major group, and eighteen of the twenty-five concepts taught by the greatest number of instructors in the moderate education group are financial concepts, whereas only thirteen of the twenty-three concepts taught by the greatest number of jurymen are financial concepts.

TABLE LI

ACCOUNTING CONCEPTS TAUGHT BY ACCOUNTING INSTRUCTORS ACCORDING TO ACCOUNTING EDUCATION

Concept	Included in Teaching							
	Jurymen		Minimum Education		Moderate Education		Accounting Majors	
	Yes	No	Yes	No	Yes	No	Yes	No
Adjusting entries[1]	8	0	13	0	29	0	25	0
Depreciation and amortization[1]	8	0	13	0	29	0	24	0
Capital stock transactions[1]	8	0	13	0	29	0	25	0
Inventory valuation[1]	8	0	13	0	29	0	25	0
Internal control[2]	8	0	12	0	29	0	25	0
Treasury stock[1]	8	0	13	0	29	0	25	0
Petty cash[1]	8	0	12	0	29	0	25	0
Continuing business or going concern[1]	8	0	11	1	26	2	25	0
Matching or revenues and expenses[1]	8	0	12	0	25	2	23	0
Responsibility accounting[2]	8	0	8	4	20	9	13	11
Absorption costing[1]	8	0	9	2	23	5	19	7
Present value[2]	8	0	10	1	17	11	11	15
Standard costs[2]	8	0	9	2	22	6	24	1
Management by exception[2]	7	1	5	6	13	15	12	13
Payback method for proposed capital expenditures[2]	7	1	6	5	16	12	11	15
Return on investment for proposed capital expenditures[2]	7	1	6	5	19	8	14	11
Bank reconciliations[1]	7	1	12	0	29	0	25	0
Direct costing[2]	7	1	8	3	23	5	21	4
Ratio analysis[2]	7	1	11	1	27	2	23	2
Amortization of bond premium and discount[1]	7	1	12	0	29	0	25	0
Equivalent finished units[1]	7	1	10	2	25	3	21	4

[1]Financial concept

[2]Managerial concept

TABLE LI (CONTINUED)

Concept	Included in Teaching							
	Jurymen		Minimum Education		Moderate Education		Accounting Majors	
	Yes	No	Yes	No	Yes	No	Yes	No
Normal capacity as related to manufacturing overhead allocation and analysis[2]	7	1	9	3	18	10	15	11
Controlling accounts and subsidiary ledgers[1]	7	1	13	0	29	0	25	0
Electronic data processing[1]	6	2	7	5	13	13	13	11
Discounted cash flow for proposed capital expenditures[2]	6	2	7	4	17	11	11	14
Estimating inventories[1]	6	2	12	1	28	1	24	1
Dissolution of partnership[1]	5	3	12	0	29	0	25	0
Departmentalized organization[2]	5	3	12	0	28	1	23	2
Bonus or goodwill in investment in partnership[1]	5	3	11	1	29	0	23	2
Reversing or readjusting entries[1]	4	4	13	0	27	1	23	2
Accepting notes at a discount[1]	4	4	13	0	28	1	22	3
Discounting notes at the bank[1]	4	4	13	0	29	0	25	0
Branch reciprocal accounting[2]	3	5	11	1	24	5	22	3

Of the eight concepts taught by the fewest instructors in the minimum education and accounting major groups, only one is a financial concept, and of the eight concepts taught by the fewest instructors in the moderate education group, only two are financial concepts; whereas, of the ten concepts taught by the fewest jurymen, seven are financial concepts.

The instructors in all three accounting education groups are consistent in teaching the concepts which they consider most important. All groups of instructors are more financial-accounting oriented in their teaching than are the jurymen, as they are in their evaluations of the importance of the concepts.

Managerial Concepts

The jurymen include a greater number of the managerial concepts in their teaching than do the instructors in any of the accounting education groups. At least six out of eight of the jurymen teach eleven of the thirteen managerial concepts, whereas less than seventy-five percent of the instructors in any group teach as many as eight of the thirteen managerial concepts.

Only six of the twenty-five concepts taught by the greatest number of instructors in the minimum education group and accounting major group, and only seven of the twenty-five concepts taught by the greatest number of instructors in the moderate education group are managerial concepts; whereas ten of the twenty-three concepts taught by the greatest number of jurymen are managerial concepts.

Of the eight concepts taught by the fewest instructors in the minimum education group and accounting major group, seven are managerial concepts, and of the eight concepts taught by the fewest instructors in the moderate education group, six are managerial concepts; whereas, of the ten concepts taught by the fewest jurymen, only three are managerial concepts.

The jurymen are more managerial-accounting oriented in their teaching than are the instructors in any of the accounting education groups, as they are in their evaluations of the importance of the concepts.

Summary

The accounting instructors in the minimum education group, the moderate education group, and the accounting major group are consistent in teaching the concepts which they consider most important. All instructor groups are more financial-accounting oriented in their teaching than are the jurymen, as they are in their evaluations of the importance of the concepts.

The jurymen include a greater number of the managerial concepts in their teaching than do the instructors in any of the accounting education groups. At least six out of eight of the jurymen teach eleven of the thirteen managerial concepts, whereas less than seventy-five percent of the instructors in any group teach as many as eight of the thirteen managerial concepts.

The next division is the chapter summary.

Chapter Summary

There is some indication that a greater amount of accounting education tends to bring about closer agreement between the accounting instructors and the jurymen in their evaluations of the importance of the concepts as a whole, but in general, all groups of instructors evaluate the managerial concepts as of lesser importance than do the jurymen. The instructors in none of the groups evaluate the managerial concepts as unimportant, but they do evaluate them, in general, as of less importance than the financial concepts. They seem to be strongly influenced by their textbooks which have not placed strong emphasis on managerial concepts.

In the ranking of the managerial concepts alone, the rankings for the three groups are similar, but in the ranking of the financial concepts alone, the rankings for the minimum education group differ somewhat from the rankings for the moderate education and accounting major groups. Perhaps the accounting majors and the moderate education group better realize the current trends in accounting education than does the minimum education group.

In general, the jurymen disagree with the instructors in the three groups in their evaluations of the relative importance of both the financial and amanagerial concepts. The jurymen seem to advocate greater emphasis on some of the newer concepts now being included in the textbooks, and lesser emphasis on some of the traditional concepts.

The instructors in the three accounting education groups are consistent in teaching the concepts which they consider most important. All groups are more financial-accounting oriented in their teaching than are the jurymen, as they are in their evaluations of the importance of the concepts. Conversely, the jurymen are more managerial-accounting oriented in their teaching, as they are in their evaluations of the importance of the concepts.

CHAPTER VII

INSTRUCTORS' EVALUATIONS OF THE ACCOUNTING CONCEPTS ACCORDING TO COLLEGE ACCOUNTING TEACHING EXPERIENCE

Introduction

This chapter presents data to indicate whether or not the amount of college accounting teaching experience influences the instructors' evaluations of the importance of the accounting concepts. College accounting teaching experience includes experience in a junior college, a senior college, or a university. The instructors are divided into three groups: instructors with more than 10 years of college teaching experience are designated as having maximum teaching experience; instructors with 3-10 years of college teaching experience are designated as having moderate teaching experience; and instructors with less than 3 years of college teaching experience are designated as having minimum teaching experience.

It is assumed that instructors with greater amounts of college teaching experience are more likely to agree with university instructors and with the jurymen in their evaluations of the importance of the concepts.

The chapter consists of five major divisions: first, the instructors evaluations of the 33 concepts as a whole; second, the instructors evaluations of the relative importance of the 20 financial concepts; third, the instructors evaluations of the relative importance of the 13 managerial concepts; fourth, a discussion of the extent to which instructors include the 33 concepts in their teaching; and, fifth, the summary.

Evaluation of the 33 Accounting Concepts

The 33 accounting concepts were ranked in order of importance for the three groups of instructors, those with maximum college teaching experience (more than 10 years), those with moderate college teaching experience (3-10 years), and those with minimum teaching experience (less than 3 years). The rankings of the concepts for the three groups of instructors is compared; and the instructors' rankings are compared with the jurymen's rankings.

This division consists of five major parts: first, areas of agreement among accounting instructors in the three teaching experience groups; second, areas of disagreement among accounting instructors in the three teaching experience groups; third, areas of agreement between all instructors and the jurymen; fourth, areas of disagreement between all instructors and the jurymen; and, fifth, the summary.

Areas of Agreement Among Accounting Instructors

In the ranking of the concepts, rankings for the three teaching experience groups are somewhat similar. Twenty of the thirty-three concepts rank similarly on the listings for the three groups (Table LII).

TABLE LII

INSTRUCTORS' RANKING OF ALL CONCEPTS ACCORDING TO COLLEGE TEACHING EXPERIENCE

Concept	Jurymen	Ranking of Concept: Maximum Experience	Moderate Experience	Minimum Experience
Matching of revenues and expenses[1]	1	4	3	1
Inventory valuation[1]	1	2	6	7
Depreciation and amortization[1]	3	2	4	3
Adjusting entries[1]	3	1	1	1
Continuing business or going concern[1]	5	8	17	8
Capital stock transactions[1]	6	7	2	9
Responsibility accounting[2]	6	18	11	29
Absorption costing[1]	6	25	16	11
Electronic data processing[1]	6	24	23	18
Internal control[2]	10	4	7	10
Present value[2]	10	27	25	26
Management by exception[2]	10	27	26	25
Payback method for proposed capital expenditures[2]	13	33	29	33
Return on investment for proposed capital expenditures[2]	13	27	30	23
Bank reconciliations[1]	15	8	9	5
Direct costing[2]	16	19	19	22
Discounted cash flow for proposed capital expenditures[2]	17	31	31	31
Treasury stock[1]	17	15	12	13
Ratio analysis[2]	17	10	18	20
Amortization of bond premium and discount[1]	20	12	8	12
Estimating inventories[1]	21	26	28	30
Petty cash[1]	22	17	27	19

[1]Financial concept

[2]Managerial concept

TABLE LII (CONTINUED)

Concept	Jurymen	Maximum Experience	Moderate Experience	Minimum Experience
	Ranking of Concept			
Equivalent finished units[1]	22	13	13	16
Standard costs[2]	22	20	21	17
Normal capacity as related to manufacturing overhead allocation and analysis[2]	25	22	32	28
Controlling accounts and subsidiary ledgers[1]	25	4	5	4
Dissolution of partnership[1]	27	30	15	21
Reversing or readjusting entries[1]	28	11	10	6
Accepting notes at a discount[1]	29	21	20	14
Discounting notes at the bank[1]	29	14	14	15
Departmentalized organization[2]	31	16	24	32
Bonus or goodwill in investment in partnership[1]	32	32	22	26
Branch reciprocal accounting[2]	33	23	33	24

The three groups of instructors evaluate ten of the financial concepts and six of the managerial concepts very similarly. A tabulation of the instructors' rankings for these concepts appears on the following page.

All groups of instructors agree on the great importance of the financial concepts "matching of revenues and expenses," "depreciation and amortization," "adjusting entries," and "controlling accounts and subsidiary ledgers" as these four concepts rank among the top five on the listing of the concepts for each group. The instructors seem to

Financial Concepts	Ranking of Concept Maximum Experience	Moderate Experience	Minimum Experience
Matching or revenues and expenses	4	3	1
Depreciation and amortization	2	4	3
Adjusting entries	1	1	1
Bank reconciliations	8	9	5
Treasury stock	15	12	13
Amortization of bond premium and discount	12	8	12
Estimating inventories	26	28	30
Equivalent finished units	13	13	16
Controlling accounts and subsidiary ledgers	4	5	4
Discounting notes at the bank	14	14	15
Managerial Concepts			
Present value	27	25	26
Management by exception	27	26	25
Payback method for proposed capital expenditures	33	29	33
Direct costing	19	19	22
Discounted cash flow for proposed capital expenditures	31	31	31
Standard costs	20	21	17

believe that these basic financial-accounting concepts need to be learned in order to obtain a proper understanding of elementary accounting principles.

"Estimating inventories" ranks low on the listings for all groups. Perhaps the instructors believe that inventories cannot be estimated sufficiently accurate to be of significant value.

The instructors in all teaching experience groups agree that "direct costing" and "standard costs" are relatively important among the managerial concepts. They seem to understand the growing importance of cost accounting in manufacturing industries.

"Present value," "management by exception," "payback method for proposed capital expenditures," and "discounted cash flow for proposed capital expenditures" rank low on the listings for all groups. Perhaps the instructors feel that these managerial concepts would be more appropriate subjects for study in advanced accounting.

Areas of Disagreement Among Accounting Instructors

In the ranking of the concepts, markedly different rankings occur among the accounting teaching experience groups for only four of the concepts, the managerial concepts "responsibility accounting" and "departmentalized organization" and the financial concepts "absorption costing" and "dissolution of partnership." A tabulation of the instructors' rankings for these concepts follows:

	Rankings		
Concept	Maximum Experience	Moderate Experience	Minimum Experience
Responsibility accounting	18	11	29
Departmentalized organization	16	24	32
Absorption costing	25	16	11
Dissolution of partnership	30	15	21

Both "responsibility accounting" and "departmentalized organization" rank much higher on the maximum experienced instructors' listing than on the minimum experienced instructors' listing. It may be that the more experienced instructors have a better understanding of the growing importance of managerial accounting.

"Absorption costing" and "dissolution of partnership" are evaluated as of lesser importance on the maximum experienced instructors' listing than on either the moderate experienced instructors' listing or the minimum experienced instructors' listing. The more experienced instructors seem to believe that "absorption costing" is of lesser importance. Partnership accounting is being deemphasized in elementary accounting textbooks, and this is more clearly reflected in the ranking for the maximum experienced group than in the rankings for the less experienced groups.

Areas of Agreement Between All Instructors and the Jurymen

The jurymen agree closely with the instructors in the accounting teaching experience groups in the evaluation of the importance of only nine of the thirty-three concepts, seven of which are financial concepts and two of which are managerial concepts. A tabulation of the rankings for these nine concepts follows:

		Rankings		
Concept	Jurymen	Maximum Experience	Moderate Experience	Minimum Experience
Matching of revenues and expenses[1]	1	4	3	1
Inventory valuation[1]	1	2	6	7
Depreciation and amortization[1]	3	2	4	3
Adjusting entries[1]	3	1	1	1
Capital stock transactions[1]	6	7	2	9
Direct costing[2]	16	19	19	22
Treasury stock[1]	17	15	12	13
Petty cash[1]	22	17	27	19
Standard costs[2]	22	20	21	17

[1]Financial concept

[2]Managerial concept

The jurymen agree with all groups of instructors on the great importance of the financial concepts "matching of revenues and expenses," "inventory valuation," "depreciation and amortization," and "adjusting entries." The jurymen, like the instructors, seem to feel that elementary accounting students need to thoroughly understand these basic financial-accounting concepts.

In the ranking of the concepts, "capital stock transactions" is ranked high on the listings for all groups, and "treasury stock" is ranked near the middle on the listings for all groups. The instructors and the jurymen seem to agree that corporation accounting is important in elementary accounting principles courses.

"Petty cash" is ranked below the middle on the listings for all groups. The jurymen and the instructors seem to agree that "petty cash" is of only somewhat moderate importance to elementary accounting students.

The increasing importance of cost accounting is reflected in the rankings of the instructors and the jurymen for "direct costing" and "standard costs." "Direct costing" ranks high among the managerial concepts on the listings for all groups, and "standard costs" ranks only slightly lower on the listings.

Areas of Disagreement Between All Instructors and the Jurymen

In evaluating the importance of the thirty-three concepts, the jurymen disagree, in general, with the instructors in the three accounting teaching experience groups. In the ranking of the concepts, particularly different rankings occur for fourteen of the concepts. A tabulation of the rankings for these concepts follows:

Concept	Jurymen	Rankings Maximum Experience	Moderate Experience	Minimum Experience
Responsibility accounting[2]	6	18	11	29
Absorption costing[1]	6	25	16	11
Electronic data processing[1]	6	24	23	18
Present value[2]	10	27	25	26
Management by exception[2]	10	27	26	25
Payback method for proposed capital expenditures[2]	13	33	29	33
Return on investment for proposed capital expenditures[2]	13	27	30	23
Bank reconciliations[1]	15	8	9	5
Discounted cash flow for proposed capital expenditures[2]	17	31	31	31
Amortization of bond premium and discount[1]	20	12	8	12
Controlling accounts and subsidiary ledgers[1]	25	4	5	4
Reversing or readjusting entries[1]	28	11	10	6
Accepting notes at a discount[1]	29	21	20	14
Discounting notes at the bank[1]	29	14	14	15

[1]Financial concept

[2]Managerial concept

Of the fourteen concepts, six are managerial concepts and eight are financial concepts. In general, the jurymen attach greater importance to the managerial concepts and less importance to the financial concepts than do the instructors in the three accounting teaching experience groups. The jurymen are more managerial-accounting oriented than are the instructors in any of the groups.

Summary

In the ranking of the concepts, rankings for the three teaching experience groups are somewhat similar. Twenty of the thirty-three concepts rank similarly.

The instructors in all groups agree on the great importance of the financial concepts "matching of revenues and expenses," "depreciation and amortization," "adjusting entries," and "controlling accounts and subsidiary ledgers" as these four concepts rank among the top five on the listing for each group. The instructors seem to believe that these basic financial-accounting concepts need to be learned in order to obtain a proper understanding of elementary accounting principles.

In the ranking of the concepts, "matching of revenues and expenses," "inventory valuation," "depreciation and amortization," and "adjusting entries" are ranked high on the listings for the jurymen and instructor groups. The jurymen, like the instructors, seem to feel that elementary accounting students need to thoroughly understand certain basic financial-accounting concepts.

In evaluating the importance of the concepts, the jurymen disagree, in general, with the instructors in the three accounting experience groups. In general, the jurymen attach greater importance to the managerial concepts than do the instructors and lesser importance to the financial concepts than do the instructors.

College accounting teaching experience does not seem to influence the instructors greatly in their evaluations of the importance of the concepts.

The next division is a discussion of the instructors' evaluations of the relative importance of the 20 financial concepts.

Evaluation of the 20 Financial Accounting Concepts

The twenty financial concepts were arranged in order of importance according to the evaluations of the importance of the concepts by the three groups of instructors, the instructors with maximum college teaching experience, the instructors with moderate college teaching experience, and the instructors with minimum college teaching experience. The ranking of the concepts for the three groups is compared, and the instructors' rankings are compared with the jurymen's rankings.

This division consists of five major parts: first, areas of agreement among accounting instructors in the three teaching experience groups; second, areas of disagreement among accounting instructors in the three teaching experience groups; third, areas of agreement between all instructors and the jurymen; fourth, areas of disagreement between all instructors and the jurymen; and, fifth, the summary.

Areas of Agreement Among Accounting Instructors

The maximum experienced instructors, the moderate experienced instructors, and the minimum experienced instructors agree, in general, in their evaluations of the relative importance of the financial concepts (Table LIII). In the ranking of the financial concepts, agreement occurs at the top, the middle, and the bottom of the listings for the three groups.

TABLE LIII

INSTRUCTORS' RANKING OF FINANCIAL CONCEPTS ACCORDING TO COLLEGE TEACHING EXPERIENCE

	Ranking of Concepts			
Concept	Jurymen	Maximum Experience	Moderate Experience	Minimum Experience
Matching of revenues and expenses	1	4	3	1
Inventory valuation	1	2	6	7
Adjusting entries	3	1	1	1
Depreciation and amortization	3	2	4	3
Continuing business or going concern	5	7	15	8
Absorption costing	6	17	14	10
Electronic data processing	6	16	18	16
Capital stock transactions	6	6	2	9
Bank reconciliations	9	7	8	5
Treasury stock	10	13	10	12
Amortization of bond premium and discount	11	10	7	11
Estimating inventories	12	18	20	20
Petty cash	13	14	19	17
Equivalent finished units	13	11	11	15
Controlling accounts and subsidiary ledgers	15	4	5	4
Dissolution of partnership	16	19	13	18
Reversing or readjusting entries	17	9	9	6
Accepting notes at a discount	18	15	16	13
Discounting notes at the bank	18	12	12	14
Bonus or goodwill in investment in partnership	20	20	17	19

Six of the twenty concepts rank very similarly on the rankings for the three groups. A tabulation of the rankings follows:

Concept	Rankings: Maximum Experience	Moderate Experience	Minimum Experience
Adjusting entries	1	1	1
Depreciation and amortization	2	4	3
Electronic data processing	16	18	16
Estimating inventories	18	20	20
Controlling accounts and subsidiary ledgers	4	5	4
Discounting notes at the bank	12	12	14

College accounting teaching experience does not seem to greatly influence the junior college accounting instructors in their evaluations of the relative importance of the financial concepts.

Areas of Disagreement Among Accounting Instructors

The three groups of instructors disagree only slightly in their evaluations of the relative importance of the financial concepts.

In comparing the rankings for the maximum experienced instructors and the minimum experienced instructors, the groups most different in college accounting teaching experience, markedly different rankings occur for only two of the concepts "inventory valuation" and "absorption costing."

"Inventory valuation" ranks second on the maximum experienced instructors' listing, whereas it ranks seventh on the minimum experienced instructors' listing. The maximum experienced instructors attach greater importance to the valuation of merchandise inventory, a very important current asset, than do the minimum experienced instructors.

"Absorption costing" ranks seventeenth on the maximum experienced instructors' listing, whereas it ranks tenth on the minimum experienced instructors' listing. The maximum experienced instructors may believe that this cost accounting concept should be treated lightly in elementary accounting, and that major treatment of the concept should be postponed until advanced accounting.

Areas of Agreement Between All Instructors and the Jurymen

The jurymen agree, in general, with the three groups of instructors in the evaluation of the relative importance of the financial concepts. Fourteen of the twenty financial concepts rank similarly on the listings for the three teaching experience groups and the jurymen.

In the ranking of the financial concepts, the instructors in the three groups agree closely with the jurymen on the rankings for seven concepts "matching of revenues and expenses," "adjusting entries," "depreciation and amortization," "treasury stock," "equivalent finished units," "dissolution of partnership," and "bonus or goodwill in investment in partnership."

"Matching of revenues and expenses," "adjusting entries," and "depreciation and amortization" are ranked high on the listings for all groups. These are fundamental accounting concepts which seem to be considered essential by all accounting instructors.

"Treasury stock" and "equivalent finished units" are ranked near the middle on the listings for all groups. Apparently the accounting instructors believe these concepts should be included in elementary accounting courses, as do the jurymen.

"Dissolution of partnership" and "bonus or goodwill in investment in partnership" are considered to be relatively unimportant financial-accounting concepts in elementary accounting by both the instructors and the jurymen. Partnership accounting is receiving less emphasis in the leading elementary accounting textbooks.

Areas of Disagreement Between All Instructors and the Jurymen

The jurymen and the three groups of instructors differ in their evaluations of the relative importance of six of the financial concepts. A tabulation of these dissimilar rankings for the groups follows:

Concept	Jurymen	Rankings: Maximum Experience	Moderate Experience	Minimum Experience
Continuing business or going concern	5	7	15	8
Absorption costing	6	17	14	10
Electronic data processing	6	16	18	16
Estimating inventories	12	18	20	20
Controlling accounts and subsidiary ledgers	15	4	5	4
Reversing or readjusting entries	17	9	9	6

In the ranking of the concepts, the jurymen's rankings are, in general, much higher than the instructors' rankings for "continuing business or going concern," "absorption costing," "electronic data processing," and "estimating inventories" whereas the jurymen's rankings for "controlling accounts and subsidiary ledgers" and "reversing or readjusting entries" are much lower than are the instructors' rankings.

In the practice of accounting, "continuing business or going concern," "absorption costing," "electronic data processing," and "estimating inventories" are important concepts, and the jurymen seem to be more cognizant of this than are the instructors.

The jurymen believe that "controlling accounts and subsidiary ledgers" and "reversing or readjusting entries" are much less important than do the instructors. The junior college instructors may be more influenced by the extensive treatment of the concepts in leading textbooks.

Summary

The maximum experienced instructors, the moderate experienced instructors, and the minimum experienced instructors agree, in general, in their evaluations of the relative importance of the financial concepts. College accounting teaching experience does not seem to greatly influence the junior college accounting instructors in their evaluations of the relative importance of the financial concepts.

The jurymen agree, in general, with the three groups of instructors in their evaluations of the relative importance of fourteen of the twenty financial concepts.

In the ranking of the financial concepts, the instructors in the three groups agree closely with the jurymen on the rankings for seven concepts "matching of revenues and expenses," "adjusting entries," "depreciation and amortization," "treasury stock," "equivalent finished units," "dissolution of partnership," and "bonus or goodwill in investment in partnership."

Evaluation of the 13 Managerial Accounting Concepts

The thirteen managerial accounting concepts were ranked in order of importance for the three groups of instructors according to the instructors' evaluation of the relative importance of the concepts. The ranking of the concepts for the three groups of instructors is compared; and the instructors' rankings are compared with the jurymen's rankings.

This division consists of five major parts: first, areas of agreement among accounting instructors in the three teaching experience groups; second, areas of disagreement among accounting instructors in the three teaching experience groups; third, areas of disagreement between all instructors and the jurymen; and, fifth, the summary.

Areas of Agreement Among Accounting Instructors

The three groups of instructors agree, in general, on the relative importance of the managerial concepts (Table LIV). Eight of the thirteen managerial concepts rank similarly on the listings of the three groups.

In the ranking of the managerial concepts, "internal control," "ratio analysis," "direct costing," and "standard costs" are ranked at the top of the listings for all three teaching experience groups. At least 70 percent of the instructors in each group evaluate these concepts either very important or moderately important. A tabulation

TABLE LIV

INSTRUCTORS' RANKING OF MANAGERIAL CONCEPTS ACCORDING TO COLLEGE TEACHING EXPERIENCE

Concept	Jurymen	Ranking of Concepts		
		Maximum Experience	Moderate Experience	Minimum Experience
Responsibility accounting	1	4	2	10
Internal control	2	1	1	1
Present value	2	9	7	8
Management by exception	2	9	8	7
Return on investment for proposed capital expenditures	5	9	10	5
Payback method for proposed capital expenditures	5	13	9	13
Direct costing	7	5	4	4
Discounted cash flow for proposed capital expenditures	8	12	11	11
Ratio analysis	8	2	3	3
Standard costs	10	6	5	2
Normal capacity as related to manufacturing overhead allocation and analysis	11	7	12	9
Departmentalized organization	12	3	6	12
Branch reciprocal accounting	13	8	13	6

of the instructors' rankings of these concepts, and the evaluations of importance of the concepts follows:

Concept	Maximum Exper. Instructors Rank	Very Imp.	Mod. Imp.	Moderate Exper. Instructors Rank	Very Imp.	Mod. Imp.	Minimum Exper. Instructors Rank	Very Imp.	Mod. Imp.
Internal control	1	66.7%	33.3%	1	45.2%	51.6%	1	55.0%	20.0%
Ratio analysis	2	47.1%	47.1%	3	32.2%	46.4%	3	21.1%	52.6%
Direct costing	5	33.3%	53.4%	4	36.4%	36.4%	4	11.7%	76.5%
Standard costs	6	37.5%	43.8%	5	33.3%	37.5%	2	23.5%	64.7%

College accounting teaching experience seems to have little effect on the instructors' evaluations of the relative importance of managerial accounting concepts. The instructors seem to be greatly influenced by their textbooks.

Areas of Disagreement Among Accounting Instructors

In the ranking of the managerial concepts, somewhat different rankings occur for five of the concepts "responsibility accounting," "return on investment for proposed capital expenditures," "normal capacity as related to manufacturing overhead allocation and analysis," "departmentalized organization," and "branch reciprocal accounting." A tabulation of the rankings follows:

Concept	Rankings: Maximum Experience	Moderate Experience	Minimum Experience
Responsibility accounting	4	2	10
Return on investment for proposed capital expenditures	9	10	5
Normal capacity as related to manufacturing overhead allocation and analysis	7	12	9
Departmentalized organization	3	6	12
Branch reciprocal accounting	8	13	6

Since broad treatment of managerial-accounting concepts is just beginning to occur in the popular elementary accounting textbooks, there seems to be some differences of opinion as to which managerial concepts are most important.

Areas of Agreement Between All Instructors and the Jurymen

The jurymen agree with the instructors in the three teaching experience groups in their evaluations of the relative importance of only one managerial concept "internal control." In the ranking of the managerial concepts, "internal control" ranks first on the listings for the three instructor groups, and it ranks second on the jurymen's listing. "Internal control" receives strong emphasis in the elementary accounting textbooks and is very important in accounting practice.

The jurymen agree most closely with the moderate experience group in the evaluation of the relative importance of the managerial concepts. In the ranking of the concepts, the jurymen agree more closely with the instructors in the moderate experience group on six of the concepts, more closely with the instructors in the minimum experience group on three of the concepts, and more closely with the instructors in the maximum experience group on two of the concepts.

Perhaps some of the lesser experienced instructors have been enrolled in college accounting courses more recently and have thereby become acquainted with the current emphasis on managerial-accounting concepts.

Areas of Disagreement Between All Instructors and the Jurymen

In general, the jurymen disagree with the instructors in the three accounting teaching experience groups in the evaluation of the relative importance of the managerial concepts.

The junior college accounting instructors may differ with the jurymen in the evaluation of the relative importance of the managerial concepts because of a less thorough understanding of the concepts. The jurymen seem to attach greater importance to some of the newer managerial concepts being introduced in the textbooks, and to attach lesser importance to some of the more traditional managerial concepts.

Summary

The maximum experienced instructors, the moderate experienced instructors, and the minimum experienced instructors, agree, in general, on the relative importance of the managerial accounting concepts.

In the ranking of the managerial concepts, "internal control," "ratio analysis," "direct costing," and "standard costs" rank at the top of the listings for all of the teaching experience groups.

In general, the jurymen disagree with the instructors in the three teaching experience groups in the evaluation of the relative importance of the managerial concepts. The junior college accounting instructors may differ with the jurymen in the evaluation of the relative importance of the managerial concepts because of a less thorough understanding of the concepts.

College accounting teaching experience seems to have little effect on the instructors' evaluations of the relative importance of the managerial accounting concepts.

The next division is a discussion of the extent to which the instructors include the 33 concepts in their teaching.

Accounting Concepts Taught

The thirty-three concepts are ranked according to their inclusion in teaching by the instructors for the maximum experience group, the moderate experience group, and the minimum experience group. The concepts taught by the greatest number of instructors are ranked highest; the concepts taught by the least number of instructors are ranked lowest.

The division consists of three parts: first, a discussion of the financial concepts taught; second, a discussion of the managerial concepts taught; and, third, the summary.

Financial Concepts

Fourteen of the sixteen concepts taught by all of the maximum experienced instructors and minimum experienced instructors, twelve of the thirteen concepts taught by all of the moderate experienced instructors, and nine of the thirteen concepts taught by all of the jurymen are financial concepts (Table LV). All accounting instructors seem to agree that the learning of certain basic financial-accounting concepts is essential to a proper understanding of elementary accounting.

Nineteen of the twenty-four concepts taught by the greatest number of the minimum experienced instructors, eighteen of the twenty-four concepts taught by the greatest number of the maximum experienced instructors, and eighteen of the twenty-three concepts taught by the greatest number of the moderate experienced instructors are financial concepts; whereas only thirteen of the twenty-three concepts taught by the greatest number of the jurymen are financial concepts.

Of the nine concepts taught by the least number of the minimum experienced instructors, only one is a financial concepts; of the nine concepts taught by the least number of the maximum experienced instructors and of the ten concepts taught by the least number of the moderate experienced instructors, only two are financial concepts; whereas, of the ten concepts taught by the least number of the jurymen, seven are financial concepts.

The instructors in all three accounting teaching experience groups are consistent in teaching the concepts which they consider most important. All groups of instructors are more financial-accounting oriented in their teaching than are the jurymen, as they are in their evaluations of the importance of the concepts.

TABLE LV

ACCOUNTING CONCEPTS TAUGHT BY ACCOUNTING INSTRUCTORS ACCORDING TO COLLEGE TEACHING EXPERIENCE

Concept	Jurymen		Maximum Experience		Moderate Experience		Minimum Experience	
	Yes	No	Yes	No	Yes	No	Yes	No
Adjusting entries[1]	8	0	17	0	31	0	21	0
Depreciation and amortization[1]	8	0	17	0	30	0	21	0
Capital stock transactions[1]	8	0	17	0	31	0	21	0
Inventory valuation[1]	8	0	17	0	31	0	21	0
Internal control[2]	8	0	17	0	31	0	20	0
Treasury stock[1]	8	0	17	0	31	0	21	0
Petty cash[1]	8	0	17	0	31	0	20	0
Continuing business or going concern[1]	8	0	17	0	29	1	18	2
Matching or revenues and expense[1]	8	0	14	0	27	2	20	0
Responsibility accounting[2]	8	0	11	5	21	10	9	9
Absorption costing[1]	8	0	14	4	23	7	15	4
Present value[2]	8	0	9	9	21	9	9	10
Standard costs[2]	8	0	16	1	23	6	17	3
Management by exception[2]	7	1	8	9	13	16	9	11
Payback method for proposed capital expenditures[2]	7	1	9	3	14	15	11	9
Return on investment for proposed capital expenditures[2]	7	1	10	7	18	10	13	7
Bank reconciliations[1]	7	1	17	0	31	0	20	0
Direct costing[2]	7	1	14	3	22	7	17	3
Ratio analysis[2]	7	1	15	1	27	4	20	0
Amortization of bond premium and discount[1]	7	1	17	0	31	0	20	0
Equivalent finished units[1]	7	1	14	3	27	2	15	5

[1]Financial concept

[2]Managerial concept

TABLE LV (CONTINUED)

Concept	Jurymen		Maximum Experience		Moderate Experience		Minimum Experience	
	Yes	No	Yes	No	Yes	No	Yes	No
Normal capacity as related to manufacturing overhead allocation and analysis[2]	7	1	12	6	18	12	13	7
Controlling accounts and subsidiary ledgers[1]	7	1	17	0	31	0	21	0
Electronic data processing[1]	6	2	9	7	12	14	12	8
Discounted cash flow for proposed capital expenditures[2]	6	2	8	9	17	11	11	8
Estimating inventories[1]	6	2	17	0	30	1	19	2
Dissolution of partnership[1]	5	3	17	0	31	0	20	0
Departmentalized organization[2]	5	3	17	0	27	4	20	0
Bonus or goodwill in investment in partnership[1]	5	3	16	1	31	0	18	2
Reversing or readjusting entries[1]	4	4	16	1	30	1	20	1
Accepting notes at a discount[1]	4	4	16	1	28	3	21	0
Discounting notes at the bank[1]	4	4	17	0	31	0	21	0
Branch reciprocal accounting[2]	3	5	16	1	28	3	13	7

Managerial Concepts

The jurymen include a greater number of the managerial concepts in their teaching than do the instructors in any of the three college accounting teaching experience groups. At least six out of eight of the jurymen teach eleven of the thirteen managerial concepts, whereas not more than seventy-five percent of the accounting instructors in any group teach as many as six of the thirteen managerial concepts.

Only five of the twenty-four concepts taught by the greatest number of the minimum experienced instructors, only six of the twenty-four concepts taught by the greatest number of the maximum experienced group, and only six of the twenty-three concepts taught by the greatest number of the moderate experienced instructors are managerial concepts; whereas, ten of the twenty-three concepts taught by the greatest number of the jurymen are managerial concepts.

Of the nine concepts taught by the least number of the minimum experienced instructors, eight are managerial concepts; of the nine concepts taught by the least number of the maximum experienced instructors and of the ten concepts taught by the least number of the moderate experienced instructors, seven are managerial concepts; whereas, of the ten concepts taught by the least number of the jurymen, only three are managerial concepts.

The jurymen are more managerial-accounting oriented in their teaching than are the instructors in any of the three accounting teaching experience groups, as they are in their evaluations of the importance of the concepts.

Summary

The instructors in all three accounting teaching experience groups are consistent in teaching the concepts which they consider most important. All groups are more financial-accounting oriented in their teaching than are the jurymen, as were they in their evaluations of the importance of the concepts.

The jurymen include a greater number of the managerial concepts in their teaching than do the maximum experienced instructors, the moderate experienced instructors, or the minimum experienced instructors. At least six of the eight jurymen teach eleven of the thirteen managerial concepts, whereas not more than seventy-five percent of the accounting instructors in any group teach as many as six of the thirteen managerial concepts.

The next division is the chapter summary.

Chapter Summary

The instructors in the maximum experience group, the moderate experience group, and the minimum experience group agree on the great importance of the financial concepts "matching of revenues and expenses," "depreciation and amortization," "adjusting entries," and "controlling accounts and subsidiary ledgers" as these four concepts rank among the top five on the listing for each group. The instructors seem to believe that these basic financial-accounting concepts need to be learned in order to obtain a proper understanding of elementary accounting principles.

In evaluating the importance of the concepts, the jurymen disagree, in general, with the instructors in the three teaching experience groups. In general, the jurymen attach greater importance to the managerial concepts than do the instructors and lesser importance to the financial concepts than do the instructors. Also, the three groups of instructors include a greater number of the financial concepts in their teaching than do the jurymen; and the jurymen teach more of the managerial concepts than do the instructors in any of the three groups.

The three groups of instructors agree, in general, in their evaluations of the relative importance of both the financial and the managerial concepts. College accounting teaching experience seems to have little effect on the instructors' evaluations of the importance of the concepts.

In general, the jurymen agree with the three groups of instructors in their evaluations of the relative importance of the financial concepts, but they disagree with the instructors in their evaluations of the relative importance of the managerial concepts. The junior college accounting instructors may differ with the jurymen in the evaluation of the relative importance of the managerial concepts because of a less thorough understanding of the concepts.

CHAPTER VIII

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

The junior college faces a general curriculum problem by reason of its being an autonomous unit with its own basic educational philosophy and objectives, yet necessarily occupying a middle position between high school on the one hand and either industry or the four-year college on the other hand.

The first year college accounting course has been evolving in recent years away from preparation for public accounting and toward accounting as a tool for decision-making. There is an increasing demand from management for pertinent data. There is a trend away from the traditional financial accounting with emphasis on record keeping, and toward managerial accounting with emphasis on the understanding of basic concepts and principles.

The Literature in the Field

Accounting is an important part of the business curriculum in all colleges, and is the course most often required in the business program in junior colleges over the nation.

Despite universal acceptance of the need for accounting in business curricula, there is considerable dissatisfaction with the content of the accounting requirement. On this issue no consensus as yet exists, although a start seems to have been made on the road to eventual agreement. One of the principal reasons for discontent has been that the usual course in accounting principles was aimed at the accounting major, although a number of investigations has clearly demonstrated that the majority of students enrolled in elementary accounting have no intention of becoming accountants.

The non-accounting major ought to be able to understand and interpret accounting information, but a great divergence of opinion exists as to how to accomplish this end. Some educators are convinced that the only way for these students to learn accounting properly is by taking a thorough course in the principles of accounting, including a number of the necessary techniques and mechanics. Others are quite certain that a survey type of course with the emphasis on the managerial uses of accounting will train the business majors properly.

Many prominent educators believe that the course taken by non-accounting majors should minimize the time spent on bookkeeping and procedural detail, emphasizing instead basic principles and theory and the use of accounting as a managerial tool. They warn that too much attention has been paid to introducing the student who intends to major in accounting to the field and too little to equipping the business administration student with a knowledge of underlying concepts, basic processes, and the role of accounting in the business world. They believe that while it is important that those majoring in accounting should become aware through the basic course of the underlying assumptions of accounting and the limitations of quantitative financial data, it is even more necessary that those who take just elementary accounting should gain this knowledge.

Should students majoring in accounting and other business students both take the same introductory course, or should the two groups be segregated? This could involve serious administrative problems, including both financing and scheduling problems.

It is interesting to note the parallel between managerial emphasis in elementary accounting and managerial services being offered by certified public accountants. Over the past ten years, an increasing percentage of the professional services rendered by CPA's has been in the area of managerial services. Thus, on both the educational and professional fronts, a managerial emphasis is developing.

Purpose and Design of the Study

The study was designed to obtain information from accounting instructors in the southern great plains states as to their attitudes toward the importance of certain selected accounting concepts and as to the inclusion or exclusion of the concepts in their teaching of elementary accounting principles.

It sought to determine whether the junior college accounting instructor is availing himself and imparting to his students a significant amount of the wealth of new knowledge in the field of accounting.

The study also compares the evalutions by the instructors of the importance of the selected accounting concepts and their inclusion in instruction with those of a jury composed of eight outstanding accounting educators from universities in the southern great plains states.

The Study Instrument

In order to identify the junior college instructors' attitudes toward certain selected accounting concepts, to determine whether or not the concepts are taught by the instructors, and to obtain general information concerning the junior college instructors and their educational institutions, a five-page printed questionnaire was designed. In the fall of 1968, the questionnaire was mailed to a junior college population of 80 in the southern great plains states. Usable questionnaires were received from 70 of the schools, a return of 87.5 percent.

Analysis of the Data

Frequency counts and percentage relationships contributed to analyzations of the data. Weighted values were determined relative to the importance of each concept. The rankings of the concepts are presented in appropriate tables. The concept with the highest weighted value is considered to be the concept of greatest importance in the combined opinion of the population being studied; the concept with the lowest weighted value is considered to be the one of least importance. The importance of any one concept relative to the other concepts is indicated by its position in the ranking.

Tables also present the results of whether or not the concepts are taught. The concept taught by the greatest number of respondents is ranked highest, and the concept taught by the least number of respondents is ranked lowest.

First, the evaluations of the entire junior college instructor group are compared with those of the jury, and the inclusion or exclusion of the concepts in the instructors' teaching are compared with that of the jury.

Four variables of junior college instructors are then presented, and their evaluations and teaching patterns are compared with those of the jury. The four variables are: size of the college, job experience in accounting, accounting education, and college accounting teaching experience.

Results of the Study

The findings of the study are summarized in five parts: (1) evaluation of 33 selected accounting concepts by accounting instructors in the junior colleges of the southern great plains states; (2) instructors' evaluations of the accounting concepts according to size of the college; (3) instructors' evaluations of the accounting concepts according to job experience in accounting; (4) instructors' evaluations of the accounting concepts according to accounting education; and (5) instructors' evaluations of the accounting concepts according to college accounting teaching experience.

Evaluation of 33 Selected Accounting Concepts by Accounting Instructors in the Junior Colleges of the Southern Great Plains States

Most instructors of elementary accounting seem to recognize the importance of certain basic financial-accounting principles, as both the instructors and the jurymen place relatively great importance on the following concepts: "matching of revenues and expenses," "adjusting entries," "depreciation and amortization," "inventory valuation," and "capital stock transactions." Also, both groups recognize the importance of the managerial concept "internal control" by listing it among the top ten of the thirty-three concepts.

The jurymen, in general, place greater importance on the managerial concepts than do the instructors. Nine of the thirteen managerial-accounting concepts listed rank higher on the jurymen's list than on the instructors' list. For example, "responsibility accounting" ranks sixth on the jurymen's list and sixteenth on the instructors' list; and "present value" and "management by exception" rank tenth on the jurymen's list as compared with twenty-fourth and twenty-sixth, respectively, on the instructors' list.

Eighteen of the twenty-three concepts most often taught by the instructors are financial concepts; on the other hand, only thirteen of the twenty-three concepts most often taught by the jurymen are financial concepts.

The jurymen include a greater number of the managerial-accounting concepts in their teaching than do the instructors. Eleven of the thirteen managerial concepts are taught by at least six of the eight jurymen, while only six of the thirteen managerial concepts are taught by as many as seventy-five percent of the instructors.

Instructors' Evaluations of the Accounting Concepts According to Size of the College

The accounting instructors in the large, medium, and small schools and the jurymen agree on the great importance of the financial concepts "adjusting entries," "depreciation and amortization," "matching of revenues and expenses," and "capital stock transactions";

in all four groups these four concepts rank among the top six. They seem to believe that these concepts are essential to a proper understanding of elementary accounting principles.

The accounting instructors in the large schools are slightly more managerial-accounting oriented than are the instructors in the medium or small schools, but none of the groups attach as much importance to the managerial concepts as do the jurymen. The instructors in the large schools, in agreeing more closely with the jurymen, are following the recommendations contained in the current accounting literature which pleads for more extensive treatment of managerial-accounting concepts in elementary accounting.

The relative ranking of the financial concepts for the three school size groups and the jurymen is similar. The instructors in all three groups generally disagree with the jurymen as to the relative importance of the managerial concepts. In the ranking of the managerial concepts, the jurymen agree more closely with the accounting instructors in the large schools than with the instructors in the medium and small schools. The accounting instructors in the large schools may be somewhat better qualified than are the instuctors in the medium or small schools, and thus are more similar to the jurymen, which represent the universities.

The jurymen include more of the managerial concepts in their teaching than do the instructors in either the large, medium, or small schools. Conversely, the junior college instructors in all of the schools teach a greater number of the financial concepts than do the jurymen.

Instructors' Evaluations of the Accounting Concepts According to Job Experience in Accounting

The more experienced instructors, the less experienced instructors, and the jurymen all seem to believe that an understanding of certain basic financial concepts is essential in elementary accounting. In the ranking of the concepts, five financial accounting concepts rank among the top six on the listings of all three groups: "matching of revenues and expenses," "inventory valuation," "depreciation and amortization," "adjusting entries," and "capital stock transactions."

In the ranking of the concepts, the financial concepts rank higher on both the more experienced instructors' listing and the less experienced instructors' listing than on the jurymen's listing; also, both groups of instructors include a greater number of the financial concepts in their teaching than do the jurymen.

Conversely, in the ranking of the concepts, the managerial concepts rank higher on the jurymen listing than on either the more experienced instructors' or less experienced instructors' listings; and the jurymen teach more of the managerial concepts than do either of the two groups of instructors.

The more experienced instructors and the less experienced instructors agree, in general, in their evaluations of the relative importance of both the financial and managerial concepts.

In general, the jurymen agree with both groups of instructors in their evaluations of the relative importance of the financial concepts, but the jurymen disagree with the instructors in their evaluations of the relative importance of the managerial concepts.

Instructors' Evaluations of the Accounting Concepts According to Accounting Education

The jurymen agree with the accounting major group, moderate education group, and minimum education group on the great importance of the financial concepts "matching of revenues and expenses," "inventory valuation," "depreciation and amortization," "adjusting entries," and "capital stock transactions."

There is some indication that a greater amount of accounting education tends to bring about closer agreement between the accounting instructors and the jurymen in their evaluation of the importance of the concepts as a whole, but in general, all groups evaluate the managerial concepts as of lesser importance than do the jurymen.

The instructors in none of the groups evaluate the managerial concepts as unimportant, but they do evaluate them, in general, as of less importance than the financial concepts.

In the ranking of the managerial concepts alone, the rankings for the three groups are similar, but in the ranking of the financial concepts alone, the rankings for the minimum education group differ somewhat from the rankings for the moderate education and accounting major groups.

In general, the jurymen disagree with the instructors in the three groups in their evaluations of the relative importance of both the financial and managerial concepts. The jurymen seem to advocate greater emphasis on some of the newer concepts now being included in the textbooks, and lesser emphasis on some of the traditional concepts.

The instructors in the three accounting education groups are consistent in teaching the concepts which they consider most important. All groups are more financial-accounting oriented in their teaching than are the jurymen, as they are in their evaluations of the importance of the concepts. Conversely, the jurymen are more managerial-accounting oriented in their teaching than are the instructors, as they are in their evaluations of the importance of the concepts.

Instructors' Evaluations of the Accounting Concepts According to College Accounting Teaching Experience

The instructors in the maximum experience group, the moderate experience group, and the minimum experience group agree on the great importance of the financial concepts "matching of revenues and expenses," "depreciation and amortization," "adjusting entries," and "controlling accounts and subsidiary ledgers" as these four concepts rank among the top five on the listing for each group. The instructors seem to believe that these basic financial-accounting concepts need to be learned in order to obtain a proper understanding of elementary accounting principles.

In evaluating the importance of the concepts, the jurymen disagree, in general, with the instructors in the three teaching experience groups. In general, the jurymen attach greater importance to the managerial concepts than do the instructors and lesser importance to the financial concepts than do the instructors. Also, the three groups of instructors include a greater number of the financial concepts in their teaching than do the jurymen; and the jurymen teach more of the managerial concepts than do the instructors in any of the three groups.

The three groups of instructors agree, in general, in their evaluations of the relative importance of both the financial and the managerial concepts.

In general, the jurymen agree with the three groups of instructors in their evaluations of the relative importance of the financial concepts, but they disagree with the instructors in their evaluations of the relative importance of the managerial concepts.

Conclusions

1. Junior college accounting instructors are imparting to their students some of the wealth of new knowledge in the dynamic field of accounting.

Six of the thirteen managerial concepts are taught by at least seventy-five percent of the instructors. "Internal control" ranks among the top ten of the thirty-three concepts listed, and "responsibility accounting" ranks sixteenth on the instructors' list.

2. The jurymen, in general, place greater importance on the managerial concepts than do the junior college instructors.

Nine of the thirteen managerial-accounting concepts listed rank higher on the jurymen's list than on the instructors' list. For example, "present value" and "management by exception" both rank tenth on the jurymen"s list as compared with twenty-fourth and twenty-sixth, respectively, on the instructors' list; and "return on investment for proposed capital expenditures" and "payback method for proposed capital expenditures" both rank thirteenth on the jurymen's list as compared with twenty-seventh and thirty-third, respectively, on the instructors' list.

3. The instructors in the large junior colleges seem to be somewhat more cognizant of the newer trends in elementary accounting education than are the instructors in the medium and small junior colleges. In general, the instructors in the large junior colleges are more managerial-accounting oriented than are the instructors in the medium or small junior colleges.

The ranking of the concepts for the instructors in the large schools lists six managerial concepts in the top twenty, whereas the rankings for the instructors in both the medium and small schools list only four managerial concepts in the top twenty.

In evaluating the relative importance of nine of the thirteen managerial concepts, instructors in the large schools agree more closely with the jurymen than do the instructors in the small schools, which indicates a greater appreciation for the managerial concepts by the instructors in the large schools.

4. The kinds of accounting job experience encountered by the junior college instructors does not seem to affect their attitudes toward the importance of the accounting concepts.

Both the more experienced instructors and the less experienced instructors are more financial-accounting oriented than managerial-accounting oriented. In general, the financial-accounting concepts rank much higher than do the managerial-accounting concepts on the instructors' listings. In the ranking of the 33 concepts, no more than four of the thirteen managerial concepts are listed among the top twenty for either group.

The two groups of instructors agree, in general, in their evaluation of the relative importance of both the financial concepts and the managerial concepts.

5. <u>The amount of accounting education does not seem to affect the junior college instructors in their attitudes toward the importance of the accounting concepts</u>.

All groups of instructors (minimum education group, moderate education group, and accounting major group) are more financial-accounting oriented than managerial-accounting oriented. In general, the financial-accounting concepts rank much higher than do the managerial-accounting concepts on the instructors' listings. In the ranking of the 33 concepts, no more than four of the thirteen managerial concepts are listed among the top twenty for any of the groups.

The three groups of instructors agree, in general, in their evaluation of the relative importance of the managerial concepts.

6. <u>The amount of college accounting teaching experience does not seem to affect the junior college instructors in their attitudes toward the importance of the accounting concepts</u>.

The instructors in the maximum experience group, the moderate experience group, and the minimum experience group are all more financial-accounting oriented than managerial-accounting oriented. In general, the financial-accounting concepts rank much higher than do the managerial-accounting concepts on the instructors' listings.

In the ranking of the 33 concepts, no more than four of the thirteen managerial concepts are listed among the top twenty for any of the groups.

The three groups of instructors agree, in general, in their evaluation of the relative importance of both the financial and the managerial concepts.

7. <u>Inasmuch as neither the size of college, accounting job experience of instructors, accounting education of instructor, or college accounting teaching experience show any marked influence on the attitudes of the junior college accounting instructors toward the importance of the accounting concepts, it is possible that the textbook being used may exert considerable influence on the instructor in his attitudes toward the importance of the accounting concepts.</u>

Now that the newer editions of the popular elementary accounting textbooks are placing greater emphasis on the managerial concepts, it may be expected that the instructors will more readily recognize their importance.

Recommendations and Suggestions for Further Study

Recommendations

1. Junior college accounting instructors should keep abreast of the developments in accounting practice. They have the dual responsibility of preparing students for further study in institutions of higher learning and of preparing students for immediate employment.

2. Junior college accounting instructors need to be familiar with current trends in accounting education. They should be familiar with development in the institutions of higher learning in their

areas. They should have access to literature published by groups who are engaging in research, such as the American Accounting Association and the American Institute of Certified Public Accountants.

3. Junior college accounting instructors may need to return to college for further study. It is desirable that accounting instructors have a rich background in accounting education in order to understand the fuller and deeper meanings of accounting concepts. Possibly the best instructors should be engaged to teach elementary accounting, as a thorough understanding of the fundamental principles by the student is so very important. Ideally, elementary accounting instructors should be accounting majors.

4. Junior college accounting instructors may need to attend some workshops. These workshops should be conducted by university accounting professors who keep abreast of current developments in the accounting profession.

Suggestions for Further Study

1. Studies should be undertaken pertaining to junior college accounting instruction in other sections of the United States, in order to ascertain which accounting concepts are considered most important. Also, studies are needed to determine the accounting concepts that are being emphasized by elementary accounting instructors in the senior colleges and in the universities.

2. The concepts included in college elementary accounting courses seem to be changing. Studies similar to this one should be made in the future to help establish which concepts are considered

most pertinent to a proper understanding of elementary accounting principles.

3. Studies are needed to determine whether elementary accounting instructors in the junior colleges are preparing students properly for entry into advanced accounting courses in institutions of higher learning.

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APPENDIX A

STUDY INSTRUMENT AND MAILED MATERIALS

QUESTIONNAIRE

Name of Junior College____

Address____

Type of Institution: Public____ Total College Enrollment, Fall, 1968__________

Private____ Business Department Enrollment, Fall, 1968__________

Name of Respondent:____

Age______

Sex______

Education (Check one):

Baccalaureate Degree______

Master's Degree______

Doctoral Degree______

Accounting Education: Semester Hours________________

Baccalaureate Degree with major in accounting_______________

Graduate Degree with major in accounting_______________

Most recent date you completed a college accounting course_______________

Job Experience in Accounting:

Part time_________________________years

Full time_________________________years

Teaching Experience in Bookkeeping or Accounting:

High school_______________________years

Junior college____________________years

Senior college____________________years

University________________________years

Private business school___________years

Other_____________________________years (Please explain)

Are you a certified public accountant? Yes_____ No_____

Textbook now being used:

Author and name of textbook_____________________________________

Publisher____

How are your elementary accounting principles courses structured?

(a) Are courses structured primarily for the accounting major? Yes_____ No_____

(b) Are courses structured for both the accounting and non-accounting major? Yes_____ No_____

(c) Are courses structured primarily for the continuation student? Yes_____ No_____

(d) Are courses structured primarily for the occupational (terminal) student? Yes_____ No_____

(e) Are courses structured for both the continuation student and the occupational student? Yes_____ No_____

Please indicate whether or not the concepts listed below are included in your teaching. Then, please rank each of the accounting concepts in one of the four suggested categories:

1. Very important. Concept is considered essential or vital to your students.
2. Moderately important. Concept is not considered essential to your students but is considered to be of significant value.
3. Slightly important. Concept is considered to be of minor importance to students.
4. Unimportant. Concept is considered to have no value to your students.

Concept	Included in Teaching Yes	Included in Teaching No	1 Very Imp.	2 Mod. Imp.	3 Slg. Imp.	4 Un-Imp.
Matching of revenues and expenses	___	___	___	___	___	___
Continuing business or going concern	___	___	___	___	___	___
Controlling accounts and subsidiary ledgers	___	___	___	___	___	___
Internal control	___	___	___	___	___	___
Accepting notes at a discount	___	___	___	___	___	___
Discounting notes at the bank	___	___	___	___	___	___
Bank reconciliations	___	___	___	___	___	___

Concept	Included in Teaching Yes	No	1 Very Imp.	2 Mod. Imp.	3 Slg. Imp.	4 Un-Imp.
Petty cash	___	___	___	___	___	___
Depreciation and amortization	___	___	___	___	___	___
Adjusting entries	___	___	___	___	___	___
Reversing or readjusting entries	___	___	___	___	___	___
Inventory valuation (FIFO, LIFO, Average)	___	___	___	___	___	___
Estimating inventories (Gross profit or other method)	___	___	___	___	___	___
Partnership bonus or goodwill in investment	___	___	___	___	___	___
Dissolution of partnership	___	___	___	___	___	___
Capital stock transactions	___	___	___	___	___	___
Treasury stock	___	___	___	___	___	___
Amortization of bond premium and discount	___	___	___	___	___	___
Ratio analysis	___	___	___	___	___	___
Departmentalized organization	___	___	___	___	___	___
Branch reciprocal accounting	___	___	___	___	___	___
Responsibility accounting (Clear assignment or responsibility at various management points in structure of enterprise)	___	___	___	___	___	___

Concept	Included in Teaching Yes	No	1 Very Imp.	2 Mod. Imp.	3 Slg. Imp.	4 Un-Imp.
Equivalent finished units	___	___	___	___	___	___
Normal capacity as related to manufacturing overhead allocation and analysis (Consideration given to stoppages caused by breakdowns, vacation, etc.)	___	___	___	___	___	___
Present value (Value at date of discount or value today of a known future sum)	___	___	___	___	___	___
Absorption costing (Traditional costing procedure in which both fixed and variable overhead costs are considered to be product costs)	___	___	___	___	___	___
Direct costing (All fixed overhead costs charged to current period; no fixed overhead allocated to ending inventories)	___	___	___	___	___	___
Standard costs	___	___	___	___	___	___
Management by exception (Measures efficiency of operating management)	___	___	___	___	___	___
Payback method for proposed capital expenditures	___	___	___	___	___	___
Return on investment for proposed capital expenditures	___	___	___	___	___	___

Concept	Included in Teaching		1 Very Imp.	2 Mod. Imp.	3 Slg. Imp.	4 Un-Imp.
	Yes	No				
Discounted cash flow	___	___	___	___	___	___
Electronic data processing	___	___	___	___	___	___
List other concepts as desired:						
___	___	___	___	___	___	___
___	___	___	___	___	___	___
___	___	___	___	___	___	___
___	___	___	___	___	___	___
___	___	___	___	___	___	___

NORTHERN OKLAHOMA COLLEGE
Tonkawa, Oklahoma 74653

Department of Business

October 28, 1968

I will appreciate your cooperation in a study now being made of the accounting concepts being taught in elementary accounting principles classes in the junior colleges of the southern great plains states. I believe that such information will be valuable to all college accounting instructors interested in keeping their course objectives in line with current thinking. And, of course, I will make my findings available to all respondents in this study.

Would you please furnish me the name of the head of your business department so that I may forward a questionnaire to him? A stamped, addressed postal card is enclosed for your convenience in replying.

Sincerely yours,

Olin D. Walcher, Chairman
Department of Business

NORTHERN OKLAHOMA COLLEGE
Tonkawa, Oklahoma 74653

Department of Business

November 18, 1968

I will appreciate your cooperation in a study now being made of the accounting concepts being taught in elementary accounting principles classes in the junior colleges of the southern great plains states. I believe that such information will be valuable to all college accounting instructors interested in keeping their course objectives in line with current thinking. And, of course, I will make my findings available to all respondents in this study.

Would you please take a few minutes of your time to fill out the enclosed questionnaire? If you are not an accounting instructor, would you pass it on to a selected accounting principles instructor? A stamped, addressed envelope is enclosed for your convenience in replying.

Sincerely yours,

Olin D. Walcher

NORTHERN OKLAHOMA COLLEGE
Tonkawa, Oklahoma 74653

Department of Business

December 13, 1968

Recently I mailed you a questionnaire designed to determine the accounting concepts being taught in the junior colleges of the southern great plains states.

I realize that you may have put this aside, and another questionnaire is enclosed. You are a very important part of this survey. Would you please take a few minutes to complete the questionnaire and return it before the Christmas holidays?

If you are not an accounting instructor, would you please pass this on to a selected accounting principles instructor? A stamped, addressed envelope is enclosed for your convenience in replying.

Sincerely yours,

Olin D. Walcher

NORTHERN OKLAHOMA COLLEGE
Tonkawa, Oklahoma 74653

Department of Business

January 10, 1969

You are a very important part of the study of junior college accounting instruction in the southern great plains states. The questionnaire from your college has not been returned. Would you please remind the designated accounting instructor that this questionnaire is urgently needed.

Sincerely yours,

Olin D. Walcher

NORTHERN OKLAHOMA COLLEGE
Tonkawa, Oklahoma 74653

Department of Business

November 22, 1968

I will appreciate your cooperation in a study now being made of the accounting concepts being taught in elementary accounting principles classes in the junior colleges of the southern great plains states. Would you please complete the enclosed questionnaire as a juror in my study? The jury is to be composed of outstanding accounting educators in the five southern great plains states of Kansas, Colorado, Oklahoma, Texas and New Mexico. The composite data from the jury will serve as criteria by which I shall appraise the attitudes of the junior college instructors.

A stamped, addressed envelope is enclosed for your convenience in replying. And, of course, I will make my findings available to you.

Sincerely yours,

Olin D. Walcher

NORTHERN OKLAHOMA COLLEGE
Tonkawa, Oklahoma 74653

Department of Business

December 14, 1968

Recently I sent you a questionnaire designed to determine the accounting concepts being taught in elementary accounting principles classes in the junior colleges of the southern great plains states.

As a selected juror, you are an essential part of this study. The composite data from the jury will serve as criteria by which I shall appraise the returns from the junior colleges.

Another questionnaire is enclosed together with a stamped, addressed envelope for your convenience in replying. I will be most grateful if you will complete the questionnaire and return it to me before the Christmas holidays.

Sincerely yours,

Olin D. Walcher

APPENDIX B

ALPHABETIC LIST BY STATES OF JUNIOR COLLEGES
PARTICIPATING IN THE STUDY

ALPHABETIC LIST BY STATES OF JUNIOR COLLEGES PARTICIPATING IN STUDY

Colorado

Arapahoe Junior College
Lamar Community College
Mesa Junior College
Northeastern Junior College
Otero Junior College
Trinidad State Junior College

Kansas

Allen County Community Junior College
Butler County Community Junior College
Central College
Cloud County Community Junior College
Coffeyville Community Junior College
Colby Community Junior College
Cowley County Community Junior College
Dodge City Community Junior College
Donnelly College
Garden City Community Junior College
Hesston College
Highland Community Junior College
Hutchinson Community Junior College
Independence Community Junior College
Labette Community Junior College
Neosho County Community Junior College
St. John's College

New Mexico

Alamogordo Branch, New Mexico State University
New Mexico Junior College
New Mexico Military Institute

ALPHABETIC LIST BY STATES OF JUNIOR COLLEGES PARTICIPATING IN STUDY

Oklahoma

Bacone College
Connors State College
Eastern Oklahoma State College
El Reno College
Murray State College
Northeastern Oklahoma A&M College
Oklahoma Military Academy
Poteau Community College
Sayre Junior College
St. Gregory's College

Texas

Amarillo College
Bee County College
Blinn College
Central Texas College
Christian College of the Southwest
Cisco Junior College
College of the Mainland
Cooke County Junior College
Del Mar College
El Centro College
Grayson County Junior College
Henderson County Junior College
Hill Junior College
Howard County Junior College
Kilgore College
Lee College
Lubbock Christian College
Navarro Junior College
Odessa College
Panola College
Paris Junior College
Ranger Junior College
San Antonio College
San Jacinto College
South Plains College
South Texas Junior College
Southwest Texas Junior College
Tarrant County Junior College, South Campus
Temple Junior College
Texarkana College
Tyler Junior College
Victoria College
Wharton County Junior College

APPENDIX C

LIST OF THE JURYMEN PARTICIPATING IN THE STUDY

List of the Jurymen Participating in Study

Dr. Dale E. Armstrong, Oklahoma State University, Stillwater, Oklahoma.

Dr. William Giese, North Texas State University, Denton, Texas.

Professor Bob Grenaker, The University of Houston, Houston, Texas.

Dr. Charles H. Griffin, The University of Texas, Austin, Texas.

Dr. Eldon C. Lewis, Wichita State University, Wichita, Kansas.

Dr. Jerold J. Morgan, Oklahoma State University, Stillwater, Oklahoma.

Dr. Perry T. Mori, The University of New Mexico, Albuquerque, New Mexico.

Dr. Robert S. Wasley, The University of Colorado, Boulder, Colorado.

APPENDIX D

HIGHEST DEGREE EARNED BY RESPONDENTS

HIGHEST DEGREE EARNED BY RESPONDENTS

Baccalaureate Degree	6
Master's Degree	61
Doctoral Degree	2
Total	69

APPENDIX E

AGE AND SEX OF JUNIOR COLLEGE RESPONDENTS

AGE AND SEX OF JUNIOR COLLEGE RESPONDENTS

Age 22-29	13
Age 30-39	26
Age 40-49	13
Age 50-59	7
Age 60-69	4
Average Age of All Respondents	39
Average Age of Female Respondents	41
Range in Age of Female Respondents	22-60
Average Age of Male Respondents	38
Range in Age of Male Respondents	22-65

APPENDIX F

TEXTBOOKS USED BY JUNIOR COLLEGE ACCOUNTING INSTRUCTORS IN SOUTHERN GREAT PLAINS STATES, FALL, 1968

TEXTBOOKS USED BY JUNIOR COLLEGE ACCOUNTING INSTRUCTORS
IN SOUTHERN GREAT PLAINS STATES, FALL, 1968

Accounting Principles, Ninth Edition, Niswonger & Fess, South-Western Publishing Company	53
Accounting Principles, Eighth Edition, Noble & Niswonger, South-Western Publishing Company	3
Principles of Accounting, Sixth Edition, Finney & Miller, Prentice-Hall	3
Fundamental Accounting Principles, Pyle & White, Richard D. Irwin, Inc.	5
Accounting: The Basis for Business Decisions, Meigs & Johnson, McGraw-Hill, Inc.	4
Principles of Accounting - A Managerial Approach, Seiler, Charles E. Merrill Book Co., Inc.	1
Accounting: A Programmed Text, Edwards et. al., Richard D. Irwin, Inc.	1
Total	70

VITA

3

Olin Dean Walcher

Candidate for the Degree of

Doctor of Education

Thesis: THE ACCOUNTING CONCEPTS BEING TAUGHT IN THE ACCOUNTING PRINCIPLES COURSES IN THE JUNIOR COLLEGES OF THE SOUTHERN GREAT PLAINS STATES

Major Field: Business Education

Biographical:

Personal Data: Born at Braman, Oklahoma, August 26, 1922, the first child of Herbert and Wilma Walcher. On May 23, 1948, married Emma Sluder. Three sons and two daughters have been born to this union. Annette was born July 29, 1949, and Vivian on December 6, 1950. Ronald was born January 11, 1952, Gerald on November 2, 1956, and Wallace on June 13, 1960.

Education: Graduated from Braman, Oklahoma, High School in 1939; received the Bachelor of Science degree from Oklahoma State University in 1943, with a major in accounting; received the Master of Science degree from Oklahoma State University in 1949, with a major in business education; completed the requirements for the Doctor of Education in May, 1970.

Professional Experience: Instructor in accounting and business education, Northern Oklahoma College, Tonkawa, Oklahoma, 1946 to the present; Business department chairman, Northern Oklahoma College, 1948 to present; Director of Finance, Northern Oklahoma College, 1968 to the present.

Professional Organizations: Delta Pi Epsilon, Beta Alpha Psi, Beta Gamma Sigma, National Business Education Association, National Education Association, Oklahoma Education Association, American Accounting Association.