

■ The Stakeholder Approach in Accounting and Finance

INTRODUCTION

Integrating social and environmental topics into the business curriculum can present particular challenges for faculty in disciplines perceived as being primarily numbers-based and concerned purely with hard, unwavering facts. Nonetheless, extended teaching modules by Professors Jane Cote and John Becker-Blease offer examples of how a stakeholder orientation can be productively integrated into courses in the Accounting and Finance disciplines.

As part of an Aspen Center for Business Education mini-series on “The Stakeholder Approach in the Core Disciplines,” this paper explores these two professors’ experiences designing the teaching modules and teaching the courses on which they are based. We hope that their work and the ideas they raise will offer useful, concrete examples and provocative food for thought to business faculty in Accounting, Finance and beyond.

Teaching Modules on Accounting and Finance

As part of Aspen CBEs “Corporate Governance and Accountability” project, which was funded by the Sloan Foundation, Aspen CBE in 2008 collaborated with [Jane Cote](#) and [John Becker-Blease](#)—at the time, both faculty at the [College of Business at Washington State University-Vancouver \(WSUV\)](#)—to produce two extended teaching modules that focus on integrating the stakeholder perspective into MBA-level courses in the Accounting discipline and the Finance discipline. [MBA Curriculum Reform in the Accounting Discipline: Accounting Measurement for Leaders](#) and [Rethinking the MBA Curriculum in the Finance Discipline: Problems in Financial Management](#) are both available at Aspen CBE’s teaching resource web site [CasePlace.org](#).

Each of these teaching modules includes a syllabus with content organized into teaching units and offers suggested readings to accompany each unit. The modules also include extensive notes on the readings, and ideas that can be used in framing the content in class. Both syllabi can be taught “as-is”—indeed Professors Cote and Becker-Blease have both taught these classes multiple times. Alternatively, individual units may be incorporated into other existing courses.

Below, Professors Cote and Becker-Blease discuss the process of producing the modules, their students’ response to the structure and content, and their broader thoughts on social and environmental issues in the business curriculum.

THE BOTTOM LINE

- Incorporating social and environmental topics into the core disciplines is a key part of MBA curricular reform.
- Two Aspen teaching modules can offer guidance and inspiration to faculty interested in using a stakeholder approach in Accounting and Finance.

JANE COTE: MBA CURRICULUM REFORM IN THE ACCOUNTING DISCIPLINE

In writing *MBA Curriculum Reform in the Accounting Discipline*, Jane Cote, Associate Professor of Accounting at Washington State University-Vancouver, drew on her experience teaching managerial accounting at WSUV, and on her evolving understanding of the approaches that are most effective in the

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classroom. Below she discusses some of the concepts she covers in teaching the class and her students' engagement with the material.

Savvy Measurement

Central to *MBA Curriculum Reform in the Accounting Discipline* is the notion that the choices made in a business context about how to measure and present information have profound implications for how that information is understood and used, and for the decisions that managers ultimately make—and that these in turn have profound implications for stakeholders. “The choice of measurement impacts the frame, or bias, through which issues are analyzed and thus the impact on stakeholder groups,” writes Professor Cote in the module introduction. “Accounting is a measurement process. And for measurement to be meaningful you need to know what to measure, how to measure and what the consequences of the measurement will be...Decision making is an art. Good decision makers need to be able to anticipate the alternatives, evaluate the advantages and disadvantages of each and recognize the tradeoffs.”

When interviewed about the teaching module, Professor Cote stresses the importance of recognizing the particular learning needs of students in the managerial accounting class she teaches, particularly vis-à-vis their ability to use and understand data. She says, “When I’m teaching in an MBA program, I’m not training people to produce information so much as I’m training them to use information.” She stresses that twenty percent of the class should focus on helping managers to understand how information is produced. “Managers don’t need to be at the same level of accounting skills as an accountant, but they need to know how to talk to an accountant, and what questions to ask about a budget or cost analysis.”

Critical to using information effectively is the knowledge that, as Professor Cote puts it, “it’s very easy to present data in ways that lead you toward a particular decision. It’s important to challenge the judgments and assumptions that go into that process. I don’t want any MBA to leave my class and view a budget at as an absolute certainty.”

Classroom discussion in her course focuses on some of the ways in which these concepts may play out in students’ careers. She says, “We talk about how you can make choices about how to represent data, and how those choices affect the decisions that will ultimately be made within your organization. If you want to make the budget case for funding a particular project, the outcome may depend very much on how you put the budget together. The choices you make in presenting data will ultimately affect the decisions that other people make.”

Stakeholders and Measurement

Professor Cote stresses that informed use and presentation of information is central to firms’ stakeholder relationships. One of the ways in which she frames stakeholder theory for her students is as a system of measurement. “It’s all too easy to focus just on line items,” she says, “but it’s important to remember that behind those line items are transactions and behind those transactions are relationships. Stakeholders are essential to creating value. It’s important to think about what your customers need, and what you need from them. How can you develop supply chains that are reciprocal? How can you get the best employees in the workplace? Stakeholder theory gives us a whole set of these kinds of questions to ask.”

Professor Cote believes that attention to stakeholders also helps students to gain an effective grasp on the idea of causality—another key aspect of measurement, and one which is highly relevant to the challenges that students are likely to face in their careers. She says, “One example I use that tends to resonate with students is, in terms of inputs and outputs, what can cause an increase in sales? You could offer a big discount, or you could be more aggressive in selling to your customers—but that will only help you for a short period. You have to ask yourself whether this is just a one-off transaction, or whether you’re developing a relationship with a customer. It’s important to develop structural ways to grow that relationship.”

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Real-World Examples

Professor Cote places particular emphasis on using real-world examples in the classroom. All of her students are working professionals, and she asks them to draw on their own workplace experiences, and to discuss them in class. She says, “When my students bring their professional experiences to class, I think of them as bringing mini-cases. We look at the examples they bring in, and the pressures they’re facing and try to learn from them.”

Students also use their own professional experiences and dilemmas as subject matter for class projects, and Professor Cote believes that this approach makes for a particularly valuable class experience for students. “At the end of the semester, each student develops a measurement system and presents it formally. This is my favorite part of the class because I get to see how students are really able to take this knowledge back into the workplace. For example, one student did a customer profitability analysis that showed that the firms in competition with her own firm were increasing their market share very rapidly, which no one else at her firm was aware of. By doing a financial competitor analysis, she was able to show that her firm needed to wake up! Another student looked at how her organization used training. Were they getting the results they wanted, or should they spend more? What did employees expect from the training, and what did they get out of it? She was able to help her organization think more critically about its training function.”

JOHN BECKER-BLEASE: RETHINKING THE MBA CURRICULUM IN THE FINANCE DISCIPLINE

As an Assistant Professor of Finance at WSUV, John Becker-Bleuse based *Rethinking the MBA Curriculum in the Finance Discipline* on WSUV’s core MBA Finance course, which he had recently refashioned as part of WSUV’s broader curriculum change effort. He is now Assistant Professor of Finance at [Oregon State University’s College of Business](#).

In his introduction to the teaching module, Professor Becker-Bleuse writes that the main purpose of the course is to give students a solid understanding of the role of the financial manager within the firm, the tools financial managers use, and the kinds of decisions that characterize good financial managers. He aims to expose students to both the “shareholder primacy” and stakeholder models, but places no emphasis on choosing sides between them. Instead he aims “for students to leave the course understanding in which situations the actions of stakeholder-focused managers and shareholder-focused managers will be the same and in which situations their actions will be different.”

Enriching Traditional Models

When asked about his thought process in reshaping the MBA finance course on which the teaching modules is based and in creating the module itself, Professor Becker-Bleuse states that he was struck at the time by the fact that incorporating the stakeholder perspective into an existing, more traditional finance course was, as he puts it, “not that big a change.”

By his own admission, Professor Becker-Bleuse was skeptical at the outset of the project. He had been asked by his colleagues to undertake the process of refashioning the course, but, he says, “As a junior faculty member, I was uncomfortable taking up the project. My own training in finance told me that the forces of the market would take care of the social and environmental issues, and that it’s managers’ jobs to make sure that shareholders profit. Even though the goals of the stakeholder approach were consistent with my own beliefs, I felt that I was stepping out of my comfort zone.”

However, he soon became convinced that adding a stakeholder perspective to the class would enrich the experience of his finance students. He says, “What struck me as I got deeper and deeper into the stakeholder perspective is that it fit perfectly in the existing model. I think it’s really powerful to show that you don’t need to change a traditional course all that much to expose students to the stakeholder perspective.”

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Sophisticated Readings

Because of what he views as the complex and changeable nature of the stakeholder issues inherent in finance topics, Professor Becker-Blease made a point of including a relatively large number of academic journal articles in the module reading list. He believes that exposing students to these kinds of materials will help them develop critical thinking skills that will allow them to think flexibly and stay up to date on the topic. “I don’t want to give my students the kinds of more watered-down articles in which an academic says basically ‘I had this theory, I tested it, and here’s the conclusion. Believe me!’ This field is constantly changing, and it’s possible that some very core ideas will have changed in ten or fifteen years. Most of the real conceptual progress happens in academic journals. In other disciplines, students often read academic journals from day one! I want my students to be able to keep current on these developments and to feel comfortable with these kinds of materials.”

Professor Becker-Blease also makes a point of incorporating an interdisciplinary perspective into the reading list. “Seeing an issue from a number of different perspectives helps you to better appreciate its legitimacy. Being exposed to different models and different thought processes gives you a clearer sense of the arguments for and against something. I believe that the real progress in this area will come not from any one disciplinary silo, but rather from scholars talking to each other across disciplines, and I want students to get that perspective.”

Teaching the Course

According to Professor Becker-Blease, his teaching on stakeholder issues in finance has evolved through a process of trial and error. He says “When I first started teaching with the stakeholder approach, it probably seemed somewhat tacked on because I wasn’t entirely sure how to approach it myself—my class would kind of snicker when I’d bring up stakeholders! But as I’ve given the ideas more thought, I’ve been able to integrate them more seamlessly. The last time I taught the class, the students really grabbed hold of the stakeholder concept. There were times in a lesson when I hadn’t yet mentioned stakeholders, and the students themselves were bringing it up! I’m not sure whether students are now coming to Vancouver specifically for the stakeholder approach, or whether the approach has now been integrated into the curriculum so fully that it seems like second nature to students, but the ideas have clearly really taken hold.”

Despite his early skepticism and uncertainty, Professor Becker-Blease has come to believe that the stakeholder approach can enrich finance teaching and research. “We fancy that our job is to be positivist and describe what is, and a lot of the stakeholder model is very normative, which can be uncomfortable for some economists. It certainly was for me at first. But I’ve become convinced that a stakeholder approach offers a more compelling way to present the material because it seems more realistic to the students. What our discipline has been advocating for the past two hundred years is that there is complexity, but we can assume away this complexity when it’s convenient. Instead, I believe we need to embrace this complexity and take our students on a realistic journey through these topics to help them address the complexities that they will face.”

ADDITIONAL RESOURCES

The Aspen Institute Center for Business Education has produced a variety of materials on social, environmental, and stakeholder issues in Accounting and Finance that are available at CasePlace.org. These include the following

- **Essay:** [“Do Stakeholders Belong in Corporate Finance?”](#)
As part of Aspen CBE’s *Case-in-Point* series, John Becker-Blease examines the role of stakeholders in corporate finance, drawing on his curriculum redesign efforts.
- **Teaching Module:** [MBA Curriculum Reform in the Accounting Discipline: Accounting Measurement for Leaders](#)

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Jane Cote's syllabus and teaching notes for an MBA-level course in managerial accounting, incorporating a stakeholder perspective

- **Teaching Module:** [Rethinking the MBA Curriculum in the Finance Discipline: Problems in Financial Management](#)
John Becker-Blease's syllabus and teaching notes for an MBA-level finance course, incorporating a stakeholder perspective
- **Web Conference:** ["How Should Sustainability Be Incorporated into the Core Finance Curriculum?"](#)
Gautam Kaul, John C. and Sally S. Morley Professor of Finance at the Ross School of Business at the University of Michigan and Sylvia Maxfield, Associate Professor at the Simmons College School of Management explore some practical ways in which Finance faculty can broach social and environmental topics in their teaching.
- **Web Conference:** ["Integrating Stakeholder Theory into the MBA Curriculum"](#)
Washington State University-Vancouver faculty discuss their school's MBA curriculum overhaul to incorporate stakeholder-based learning goals into every course.
- **Web Conference:** ["Rethinking the MBA Curriculum in the Accounting Discipline"](#)
Jane Cote discusses the teaching module he created for an MBA-level finance course, incorporating a stakeholder perspective.
- **Web Conference:** ["Rethinking the MBA Curriculum in the Finance Discipline"](#)
John Becker-Blease discusses the teaching module he created for an MBA-level finance course, incorporating a stakeholder perspective.

ONGOING QUESTIONS

- How can faculty enrich existing core curriculum courses by the addition of a stakeholder focus?
- How can faculty encourage students to draw on their own professional experiences in their MBA education?
- What are some of the concrete differences and similarities in the actions taken by shareholder-focused managers and stakeholder-focused managers?

RESOURCES:

[BeyondGreyPinstripes.org](#) – World's biggest MBA database, including detailed records on thousands of courses and information on extracurriculars, university centers, and more, for 128 schools on six continents.

[CasePlace.org](#) – A free and practical on-line resource for up-to-date case studies, syllabi, and innovative teaching materials on business and sustainability. Created for the educators who will shape our next generation of business leaders!

A Closer Look is a regular series of briefing papers on topical issues in MBA education, based on the research and programs of the Aspen Institute. The Aspen Institute's [Center for Business Education](#) encourages future business leaders to innovate at the intersection of corporate profits and social impacts.

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