

## **ACCOUNTING ETHICS EDUCATION: PROPOSED PEDAGOGY APPLYING COGNITIVE MORAL DEVELOPMENT**

*Dr. Joyce L. Ellis*  
*National University*

### **ABSTRACT**

Accounting educators and licensing authorities believe ethics should be incorporated into accounting curriculums. Some favor integration into the curriculum over a stand-alone course. This paper presents the advantage of a stand-alone accounting ethics course after completion of accounting courses addressing specific ethics applications across the curriculum. Researchers support student exposure to ethical awareness and reasoning but debate the pedagogy. An approach focusing on critical analysis of ethics cases and dilemmas resulting in application rather than theory, and testing moral reasoning growth through the DIT-2 might prove an invaluable contribution to existing literature. A proposed syllabus, listing preferred literature, weekly deliverables, case discussions and analysis with expected learning outcomes for a stand-alone accounting ethics course is presented for consideration.

### **INTRODUCTION**

Research indicates deep concern regarding accounting ethics course inclusion in accounting curriculums at institutions of higher education. Bean and Bernardi (2007) discussed academics' opposition to ethics course inclusion based on lack of proof that "such a course would result in more ethical behavior" (p. 1). If ethics courses are challenged while other courses are unexamined then outcomes assessment is not applied equally presenting a double standard in potential positive contribution of academia to the accounting profession. Addressing outcomes assessment, post Enron and WorldCom reflection would be poor on the effectiveness of auditing, intermediate and financial accounting courses since not only are these scandals ethical failures but representative of possible failure of the effectiveness in accounting curriculum across the board.

To intensify the concern, state boards of accountancy now require the inclusion of accounting ethics study as a requirement for licensure as a certified public accountant. In California, by January 2014, the requirement includes 10 credit hours specific to courses that include ethics in the existing curriculum or as a stand-alone accounting ethics course. In Ethics Curriculum Committee (2011) the California Board of Accountancy reported on the development of and guidelines for ethics study, stating their intent "to provide students with a framework of ethical reasoning, professional values and attitudes for exercising professional skepticism and other behavior that is in the best interest of the investing and consuming public" (p. 7). Final guidelines provide the ethics curriculum outline, leaving the pedagogy decisions at the university level.

Once decisions are made for inclusion of ethics courses within accounting curriculums, academics are faced with developing the pedagogy. The instructional strategies consider current and prior research devoted to proposed structures for the courses. Since the intent of legislative bodies, as in California, refers to ethical reasoning, including ethical sensitivity, arguments now prevail as to which pedagogy is most preferable. Bean and Bernardi (2007) presented arguments questioning stand-alone ethics courses as a preference to teaching ethics across the curriculum, stating, “the ideal curriculum would offer a ‘sandwich’ approach and contain an introduction to ethical thought . . . followed by ethical discussion of case studies” (p. 2). Research indicates that an accounting ethics course has the potential of increasing a student’s ethical sensitivity as measured by Rest’s Defining Issues Test (Armstrong, 1993). In their proposed structure of an accounting ethics course, Bean and Bernardi (2007) review moral development as theorized by Kohlberg, including having students take the Defining Issues Test since research suggests that sensitivity to ethical dilemmas and scores on the Defining Issues Test are associated.

The intent of this paper is to advance prior research concluding that exposure to case discussions has potential for statistical significance resulting in increased student ethical sensitivity. The results of a prior study (Ellis, 2011) are presented in support of the positive correlation between student scores on the DIT-2 and case discussion of accounting ethical dilemmas. Based upon this research, a proposed pedagogy is presented for an accounting ethics course introducing test and re-test scenarios once students have exposure to ethical dilemmas through discussions on a case-by-case basis.

## **BACKGROUND**

Researchers studying the importance of ethics in an accounting curriculum emphasize that “colleges, universities and their accounting faculties have changed their course offerings and other aspects of the accounting program to better equip students to cope with the ethical challenges of the accounting profession” (Titard, Braun, & Meyer, 2004, p. 60). Bean and Bernardi (2007) proposed required ethics courses in the accounting curriculum noting, “Students must be exposed to the real challenges of auditing and the need to maintain a critical mentality when examining a client’s data” (p. 1). In response to why accounting ethics courses matter, Cheffers and Pakaluk (2007) argued,

Attention to ethics is an essential aspect of the profession of accounting. Required ethics courses for accountants are not some kind of slapped-on expedient or desperate measure in response to a temporary emergency. They are not misguided “punishments” of the many for the sins of a few, or merely the temporary manifestation of adverse public opinion. Rather, by nature of the profession, accountancy is inherently bound to include reflection on ethics as part of what constitutes being a good practitioner and professional. Studying accountancy necessarily involves studying ethics. (p. 23)

Various researchers studying ethics sensitivity with accounting students believe inclusion of accounting ethics in a curriculum involves a practical study aimed at both acquiring knowledge and developing critical reasoning. In addition to teaching ethical sensitivity, it is important to evaluate a student's moral development stage to understand the critical variables that affect development. Studies applied Kohlberg's Cognitive Moral Development (CMD), which proposes an individual's progress through six stages of moral judgment with higher stages of development being more moral than lower stages. Kohlberg's (1969) study found that education influences ethical reasoning as an individual progresses through the six stages.

Rest (1980) explained the measuring method derived from Kohlberg's theory and application of his Four Components of Moral Behavior: The Defining Issues Test (DIT-2). The testing assumes that individuals at different developmental levels perceive moral dilemmas differently, as documented by prior researchers employing Rest's test instrument, the DIT-2. Two noted studies applying ethics education as a variable concluded accounting student's scores below expectations. Researchers Bernardi and Bean (2008) found it "disturbing that in an analysis of prior studies, accounting majors' scores on Rest's measure are consistently below that of the general population throughout and after college" (p. 2). Buell (2009) studied the relationship of ethics education and moral reasoning of undergraduate and graduate accounting students in the upper Midwest and southern regions of the United States. His variable of ethics education, measured with Rest's DIT-2 instrument, a newer version of the DIT-2, resulted with students having completed ethics courses scoring lower than students without ethics courses. Armstrong (1993) provided data indicating that students who took a general ethics course and a professional education course scored significantly higher on Rest's DIT-2. Ellis (2011) found students having exposure to ethical sensitively through accounting ethical case discussions statistically significant.

### **THE ETHICAL THEORY ON MORAL DEVELOPMENT**

The basic theory and dependent variable for a majority of the studies addressing accounting ethics is Lawrence Kohlberg's cognitive moral developmental (CMD) approach. Kohlberg studied the development of moral judgment for years through analysis of responses to hypothetical moral dilemmas. His analysis defined six stages. In Kohlberg (1980), stages imply an "invariant sequence . . . total ways of thinking, not attitudes towards particular situations. A stage is a way of thinking, which may be used to support either side of an action choice" (pp. 30-31).

Kohlberg's research provided two claims: (a) basic problem solving involves only six strategies, and (b) the six strategies (stages) are a developmental sequence beginning with Stage 1. In the higher stages, logic is utilized in decision-making situations with ethical components. Stage 4 focuses on the rules of a profession where following the rules is the price of membership in one's profession (Kohlberg, 1980).

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The Six Stages of Moral Development contain three levels having two stages in each level. The three levels are defined as preconventional, conventional, and postconventional. Each level is based upon an individual's frame of reference when dealing with moral dilemmas (see Figure 1).

LEVEL	STAGE	SOCIAL ORIENTATION
I Preconventional	1	Avoidance of punishment
	2	Serve one's own needs
II Conventional	3	Be "good" in the eyes of others
	4	Uphold law and order
III Postconventional	5	Social contract
	6	Respect for moral principles

Figure 1. Kohlberg's Six Stages of Moral Development. Adapted from "Stages of Moral Development as a Basis for Moral Education," by L. Kohlberg, 1980. In B. Munsey (Ed.), Moral Development, Moral Education and Kohlberg, 1st ed., pp. 91-92. Copyright Religious Education Press.

Kohlberg assessed moral development using his Moral Judgment Interview (MJI) where subjects were exposed to hypothetical moral dilemmas through interviews. They were asked to provide their rationale as to why specific moral actions were more justified than another (Rest, 1994). As an alternative to the MJI, James Rest developed the Defining Issues Test (DIT) in 1976. The DIT-2 purports to assess his theory, which advanced Kohlberg's six-stage sequence work. Rest (1994) theorized, "There is more to moral development than moral judgment development, and there is more to moral judgment than the six stages" (p. 22). Rest presented his theory in the form of the Four Component Model (Figure 2).

This model consists of four processes including: (a) moral sensitivity, (b) moral judgment, (c) moral motivation, and (d) moral character. All four components have complex interactions and determine one's moral action. Rest (1994) described his model as being "comprised of a logical analysis of what it takes to behave morally" (p. 24).

COMPONENT	BEHAVIOR
1. Moral Sensitivity	Interpreting the situation
2. Moral Judgment	Most justifiable action
3. Moral Motivation	Prioritizing moral values
4. Moral Character	Strength of conviction

Figure 2. Rest's four component model. Adapted from "Background: Theory and Research," by J. Rest, 1994, in J. Rest and D. Narvaez (Eds.), Moral Development in the Professions: Psychology and Applied Ethics, pp. 1-26. Copyright Laurence Erlbaum Associates.

**Theoretical application of Kohlberg's theory:** Ponemon and Gabhart (1994) supplied an example of how Kohlberg's theory can be utilized to understand ethical behavior in the accounting profession. Their hypothetical

conflict of interest application related to a senior auditor uncovering significant control weaknesses in an audit client's system developed by the auditing firm's consulting division. Using this dilemma as a measure of moral reasoning there are potential responses when applying Kohlberg's six stages.

At the preconventional level, in Stage 1, the senior accountant may abide by the rules to avoid punishment from partners and the State Board of Accountancy. In Stage 2 there may be a willingness to avoid punishment as well as an overwhelming issue of self-interest. If the accountant were to feel strongly about concealing the control weakness, he or she may do so even if the threat of punishment were high. In Ponemon and Gabhart (1994),

The auditor at the preconventional level might not pursue the ethical highroad in a number of circumstances, which includes the following: (a) if the risks of getting caught were relatively low, (b) if the punishment from authorities was deemed to be minor or insignificant, or (c) if the personal gains were substantially greater than any of the perceived risks. (p. 105)

At the conventional level, in Stage 3, the accountant's primary motive for moral action would be the desire to be a good person in the eyes of his or her peers, clients, bosses, and the profession in general. The accountant might keep silent on the system problems to win approval within the firm. In Stage 4 the accountant may uphold the rules of the profession except when there presents a potential conflict with issues he or she deems more important, such as family. At Stage 4, however, because of a need to abide by the rules of the profession, he or she probably would feel morally obligated to share findings with the client, as well as those individuals in the firm who were responsible for development of the system. The accountants "would recognize that their own self-interest was at risk, but would conclude that the best interests of the client organization and the public accounting firm should always take precedence" (Ponemon & Gabhart, 1994, p. 105).

In further discussion concerning Stages 5 and 6, Ponemon and Gabhart (1994) stated,

The independent accountant believes that the rules and laws governing moral action in the accounting profession are based on some rational calculation of overall utility or benefit to society. Here, the individual recognizes that moral and legal points of view sometimes conflict—and often has difficulty integrating them. Stage 6 accountants have learned to balance moral principles and the rules and expectations of their profession and society. At Stage 6 the auditor makes a choice to do right if it is consistent with his or her self-chosen ethical principles. . . . The post-conventional individual knows the rule, understands the underlying principles, and makes a decision that is guided by the principles rather than the rules. (p. 106)

## RESEARCH ON MEASURES OF MORAL DEVELOPMENT

Ethics education: James Rest concluded moral education increased DIT-2 scores. His analysis indicated graduate and professional students were “especially receptive to moral education programs designed to foster moral judgment development” (Rest, 1994, p. 20).

A few researchers addressed specific ethics education frameworks fostering increased moral development. Ponemon and Gabhart (1994) reviewed various accounting students’ ethical education studies and summarized, “Studies may indicate that only certain types of ethics interventions and programs will effect ethical development” (p. 115). Cheffers and Pakaluk (2007) suggested the education framework recommended by the International Federation of Accountants stating:

Accounting education may usefully be understood as involving four steps: gaining knowledge; acquiring perceptiveness; exercising judgment; and planning for continued growth in professionalism. We think that the best way to teach sensitivity to ethics is through the use of remarkable and dramatic cases of ethical malfeasance in accounting. After a student has acquired the basics of knowledge about accounting ethics, and has become alert to the ethical dimensions of accounting, he is equipped to begin to practice applying his own judgment to ethical matters. (p. 14)

Titard et al. (2004) discussed the moral compass necessary in the ethical accounting education. Open communication and straight talk should be encouraged by professors in their interactions with students’ ethical discussions and learning discourses. Universities and accounting faculties are advised to change their programs to better equip students today for the ethical challenges of tomorrow. Accounting instructors need to offer students opportunities to explore the ethical implications of accounting decisions. Bean and Bernardi (2007) concluded, “An increase in one’s ethical sensitivity is thus the result of a synergy of academic experiences in ethics” (p. 2).

Ellis (2011) hypothesized exposure to ethics sensitivity in the classroom results in positive effects on a student’s DIT-2 scores. In a study of 40 accounting majors at the master’s level, Ellis utilized James Rest’s model and DIT-2 tests as the dependent variable at a 95% confidence level. The independent variable, ethics exposure through in-class discussions was tested with one-way ANOVAs. The resulting N2 score for students having ethics discussion exposure the results were almost statistically significant at  $p=.06$ . Master’s students who had exposure to ethics discussions in their classes tended to have higher scores than those who had no exposure ( $M=27.24$  versus  $M=14.76$ ;  $p=.06$ ). This study further tested if the N2 score applied in the ANOVA, representing the dependent variable, was significantly related to the independent variable at  $p=.05$  applying Kendall’s tau-b nonparametric testing. The student’s N2 score was significantly related to students who had exposure to ethics discussions in class ( $\tau=-.30$ ,  $p<.05$ ).

Ellis further developed a stepwise multiple regression using the same dependent and independent variable. The final model was significant ( $p=.007$ ) and accounted for 24.4% of the variance in the student's N2 score. Inspection of the beta weights found the students' N2 scores to be higher for those students who had some sort of ethics discussions in their courses ( $\beta =-.40, p=.02$ ; pp. 5-6). The results in Ellis (2011) suggested further study, which is the intent of this paper.

### **PROPOSED STRUCTURE OF AN ACCOUNTING ETHICS COURSE**

Bean and Bernardi (2007) proposed a "discipline-specific ethics course is an essential component in the education of accounting students" (p. 1). They suggested a stand-alone course as preferable to incorporating ethics throughout other accounting courses. Their proposed structure includes accounting "Codes of Ethics" with its rules and principles, along with the study of ethics in auditing, managerial, and financial accounting. They also included coverage of certain topical considerations for fraud, auditor independence, accounting ethical theory, ethics of the accounting firms, international and gender issues. The attraction of this proposal is the introduction and DIT-2 testing at the beginning of the course. Review of the syllabus includes coverage of topical ethical issues usually covered in other accounting courses, such as auditing, along with selective readings, case analysis, group projects, and presentations (Bean & Bernardi, 2007). What is absent from this syllabus is a retest using the DIT-2. Since the course is structured over a 15-week period retesting would be valuable in assessing the effectiveness of the course structure.

In contrast to Bean and Bernardi (2007), Blanthorne, Kovar, and Fisher (2007) state, "Accounting educators . . . favor practical application over theoretical course content. In terms of the approach used to teach ethics, educators support integration over a stand-alone course and believe cases offer the most effective method for ethics instruction" (pp. 17, 21). Fisher, Blanthorne, and Kovar (2005) presented survey results related to faculty opinions on teaching ethics methodologies stating, "Nearly all of the respondents agree that the case method should be used to teach ethics . . . these results suggest that accounting educators are more interested in application than in theory" (p.17).

Mantzke, Carnes, and Tolhurst (2005) suggested "a modular approach to adding ethics to the accounting curriculum . . . a modular approach incorporates ethics alongside the technical course work . . . depending on how the module is structured, it can take as little as one class period from the essential technical content of the course" (p.1). Mantzke et al. cited Michael Davis, who wrote Ethics and the University in 1999, "on practical evaluation of ethical dilemmas via a user-friendly framework. The framework has two main components: a simple decision making framework, embedded with a set of tests for evaluating potential solutions for the ethical dilemma" (p. 2). For each module, students are introduced to this framework for evaluation of ethical issues on a case-by-case basis. This framework consists of six steps: "Check the facts, state the problem, identify the morally relevant factors, and develop a list of alternative solutions . .

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. evaluate the alternatives against the benchmarks of relevant professional and moral standards of conduct and choose the best alternative” (Mantzke et al., 2005, p. 2).

Cheffers and Pakaluk (2007) included case studies in their approach to teaching accounting ethics; they stated:

Case studies are analogous to actual experience. Through the study of a case with all its facts and circumstances, a student may begin to acquire the kind of insight that is ultimately solidified through lived experience . . . one of the best ways to teach the requisite sensitivity to ethics is through the use of remarkable and dramatic cases of ethical malfeasance in accounting. (p. 24)

This paper focuses on the structure of an accounting ethics course included in a master of accountancy program where ethics of tax accounting, managerial accounting, public accounting, and rules of the Code of Conduct are traditionally addressed in their respective courses. The new stand-alone accounting ethics course would focus on ethics cases with a beginning DIT-2 testing and a retest at course end. Ethics cases include, but are not limited to, Cheffers and Pakaluk (2007), Duska, Duska, and Ragatz (2011), and Arnold Beauchamp, and Bowie (2009).

### **PEDAGOGY AND SYLLABUS**

Oakland Community College (2008) defines pedagogy as follows:  
The art and science of how something is taught and how students learn it. Pedagogy includes how teaching occurs, the approach to teaching and learning, the way the content is delivered and what the students learn because of the process.  
(para. 34)

This paper proposes an accounting ethics course delivered using an 8-week structure as detailed in a sample course syllabus (Appendix A). The teaching pedagogy utilizes case study and analysis guided by professors familiar with the theoretical structures learned from prior coursework in the program. Guided by the course learning outcomes (Appendix A), the student increases in moral development and ethical sensitivity to major areas in the practice of accounting. The course provides the basis for an ongoing study through DIT-2 test and re-testing. The study researchers will present null and alternative hypotheses:

**Research question:** Is there a relationship between the dependent variable, critical reasoning and moral development level, of graduate accounting students, and the independent variable, accounting ethics education structure, using a pedagogy approach through ethics case analysis and discussion?

**H10.** There is no difference in the moral development scores as measured by the DIT-2, between graduate accounting students having no specific ethics case analysis exposure and those having class-structured ethics case analysis exposure and study.



**H1A.** There is a difference in the moral development scores as measured by the DIT-2 between graduate accounting students having no specific ethics case analysis exposure and those having class-structured ethics case analysis exposure and study.

Course content delivery begins with discussion of the DIT-2 from Rest (1994) and descriptive examples from Ponemon and Gabhart (1994). Duska et al. (2011) reviewed the principles vs. rules accounting methodology debate introducing students to correlations with stage scoring in the DIT-2 testing. During Week 1, students take the first of two DIT-2 tests. Weeks 1 and 2 have reading assignments from Duska et al. (2011) addressing “The nature of accounting and the chief ethical difficulty, Ethical behavior in accounting: What is ethics? Ethical theory and accounting as a profession: Characteristics of a profession” (pp. 9-76). Pakaluk and Cheffers (2011) Part 1 addressed “Why Accounting Ethics Matters” (pp. 27-55) with “The Structural Origin of Conflicts of Interest in Accounting Profession” addressed in Arnold et al. (2009). Instructors introduce the case analysis requirements located in the course syllabus and use case scenario discussions introducing students to the pedagogy of the course. A case study and analysis from Pakaluk and Cheffers (2011), “Enron: Rules Trumping Principles is assigned.” At the end of Week 2 students review results from the first DIT-2 test discussing the objectives in the scoring as related to principled reasoning and reasoning based on following the rules in the accounting profession as promulgated by the various accounting authorities. Included in discussion is analysis of the results with respect to stages, and the methodology for advancement to higher stages of moral development after completion of the course.

Weeks 3 and 4 offer the student a discipline-specific review of accounting ethics found in Duska et al. (2011) addressing ethics of auditing, managerial accounting, and tax accounting. Assuming the student has completed the course prerequisites where a defined allocation was addressed in course leaning outcomes, the review would lead into case scenarios with discussions in these concentrations. In addition, in-class discussion covers chapter six from Pakaluk and Cheffers (2011), including principles versus rules and additional recommended readings from the chapter. Week 2 covers the scoring results from the student’s individual DIT-2 testing, analysis of the results with respect to stages, and the methodology for advancement to higher stages of moral development after completion of the course.

At Weeks 5 and 6 of the course there is additional coverage of accounting ethics through readings on the assigned chapters, selected cases from accounting practice along with end-of-chapter legal cases supporting the decisions in cases reviewed. Week 5 finds another case assignment for student analysis from Pakaluk and Cheffers (2011) “WorldCom: Complicity of internal accountants” (p. 299).

During the last 2 weeks of the course, instructors discuss students’ analysis of assigned cases, selected cases from practice, and assign a final case from Pakaluk and Cheffers (2011), “Lehman Bros: What if the principles are

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misguided?" (p. 319). At the end of Week 8, students present their final case analysis. The second DIT-2 is given with instructor's scoring of P and N scores given to individual students after class sessions.

Ellis (2011) concluded that there is the potential for statistical significance using the pedagogy presented in (Appendix A). This study will contribute to existing literature concerning ethics education, investigating ethical reasoning levels of graduate accounting students in a private university in the southwest United States.

## CONCLUSION

The college experience affects a student's moral development, skills, abilities, and overall growth. Pascarella and Terenzini (2005) reaffirmed their prior study, concluding that "college is linked with statistical increases in the use of principled moral reasoning to judge moral issues" (p. 345). Research supports student moral judgment enhancement through inclusion of dilemma discussion. Based on research results the goal is now to understand better how to deliver the education to our students to advance understanding of the process of moral development. Once a professor has assessed the moral reasoning of his or her students, the dilemma is how to proceed in stimulating moral development. Accounts need ethics education because accountancy involves discovering and declaring the truth, and this is an ethical orientation. Cheffers and Pakaluk (2007) believed accounting ethics should be understood as a practical study where students find what they need to learn, learn it and use what they learn to guide their actions. The syllabus in (Appendix A) constructs a pedagogy for this process based upon prior research in the field of accounting ethics.

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APPENDIX A

**SYLLABUS**

***ACCOUNTING ETHICS***

**PREREQUISITES:** External Auditing, Advanced Managerial Accounting,

Advanced Taxation

**TEXTS:**

Accounting Ethics, 2011 ed. Pakaluk and Cheffers

ISBN: 978-0-9765280 (Ref:P & C)

Accounting Ethics, 2<sup>nd</sup> ed. Duska, Duska, and

Ragatz

ISBN: 978-1-4051-9613-0 (Ref:D,D & R)

Ethical Theory and Business, 9th ed. Arnold, Beauchamp, and Bowie

ISBN 13: 978-0-205-16908-5 (Ref:A,B &B)

Ethics and the Conduct of Business, 7th ed. J. Boatright

ISBN: 13: 978-0-205-05313-1 Chapter 4

**COURSE DESCRIPTION:**

This is the final course in the Masters of Accountancy Program prior to the required Capstone. It qualifies for credit required for licensing in the State of California as of 2014. The course focusses on case readings, discussions and analysis to increase a student's ethical sensitivity to major areas of ethical concern in the ethics of accounting.

**LEARNING OUTCOMES:**

Upon successful completion of this course, students will be able to:

1. Analyze the facts presented in a case scenario;
2. Evaluate possible solutions to case dilemmas;
3. Support evaluations of case dilemmas and solutions through presentation and debate;
4. Apply consideration between cases analysis and links to discussions and readings on accounting ethics and professionalism in the accounting field;
5. Evaluate ethical principles to be used in determination of what course of actions to apply in situations involving ethical matters;
6. Analyze eventual, actual outcomes of cases in the courts and public domain to observe the connection between poor ethical decisions and the actual exposure to risk in the practice of accounting;
7. Present a case analysis from the standpoint of a practicing public accountant and the legal ramifications from the case outcome;
8. Evaluate performance on DIT-2 testing as related to course modalities and learning experience.

**CLASS ACTIVITIES AND ASSIGNMENTS SCHEDULE**

<b>WEEK</b>	<b>CLASS ACTIVITY</b>	<b>ASSIGNMENTS</b>
1	<p><b>Introduction:</b></p> <p>1) Course learning objectives  2) Assigned readings from “Accounting Ethics” (D,D&amp;R)  3) Case analysis guidelines for written assignments  4) Discussion: DIT-2 and theoretical structure on moral development, Administration of DIT-2 tests  5) Discussion: Introduction to Accounting Ethics</p>	<p><b>Reading assignments:</b></p> <p><i>Accounting Ethics</i> (D,D&amp;R), Chapters 1-3</p> <p><i>Ethical Theory and Business</i> (A,B&amp;B) <i>The Structural Origin of Conflicts of Interest in the Accounting Profession</i> by Colin Boyd</p> <p><b>Case Study and Analysis:</b>  <i>Accounting Ethics</i> (P&amp;C), Chapter 11: Enron: Rules Trumping Principles - submit written case analysis per guidelines - due week 4</p>
2	<p><b>Lecture and discussions:</b></p> <p>Class reading and discussion “The Strange Tale of Coral Re” (P&amp;C)</p> <p><i>Accounting Ethics</i> (D,D&amp;R), Chapters 1-3</p> <p>Selected cases from practice – <i>Accounting Ethics</i> (P&amp;C)</p>	<p><b>Reading assignments:</b></p> <p><i>Accounting Ethics</i> (DD&amp;R) Current Debates – Principles vs. Rules, pp. 199-216</p> <p><i>Ethical Theory and Business</i> (A,B&amp;B) “Ethics in Auditing”</p> <p><b>Case Study and Analysis:</b>  (A,B&amp;B): Case 1: An Auditor’s Dilemma – Due week 3</p>
3	<p><b>Lecture and discussions:</b></p> <p>Accounting Ethics, (P&amp;C): Part I discussion Chapter 6 “Principles vs. Rules</p> <p><b>Case Study and Analysis:</b>  (A,B&amp;B): Case 1: An Auditor’s Dilemma</p>	<p><b>Reading assignments:</b></p> <p><i>Accounting Ethics</i> (DD&amp;R) Chapter 4-6</p> <p><i>Accounting Ethics</i> (P&amp;C) Part I</p> <p><b>Case Study and Analysis:</b>  (A,B&amp;B): Case 2: Accounting for Enron – Due week 4</p>
4	<p><b>Lecture and discussions:</b></p> <p>Review of AB&amp;B Case 2: Accounting for Enron</p> <p><b>Class discussion - Case Study and Analysis:</b> <i>Accounting Ethics</i>, (P&amp;C)</p> <p>Chapter 11: Enron: Rules Trumping Principles –</p>	<p><b>Reading assignments:</b></p> <p><i>Accounting Ethics</i> (D,D&amp;R) Chapter 7</p> <p><i>Accounting Ethics</i>, (P&amp;C) Part II</p> <p><b>Case Study and Analysis:</b>  <i>Ethical Theory and Business</i> (A,B&amp;B) Case 3: Enron and</p>

	<p>including final legal outcomes linking bad decisions with court conclusions</p> <p>Selected cases from Practice</p>	<p>Employee Investment risk</p> <p><i>Accounting Ethics, (P&amp;C)</i> Case: WorldCom – Due Week 6</p>
5	<p><b>Lecture and discussions:</b></p> <p><i>Ethical Theory and Business (A,B&amp;B)</i></p> <p>Case 3: Enron and Employee Investment risk</p> <p><i>Accounting Ethics, (P&amp;C)Part II</i> Review</p>	<p><b>Reading assignments:</b></p> <p><i>Accounting Ethics (D,D&amp;R)</i> Chapters 8-9</p> <p><b>Case Study and Analysis:</b></p> <p><i>Accounting Ethics, (P&amp;C)</i>. Case: Lehman Bros. – Due week 8 with class presentation</p>
6	<p><b>Lecture and discussions:</b></p> <p><i>Accounting Ethics (P&amp;C)</i></p> <p>Case: WorldCom – Due Week 6</p> <p><b>View documentary</b> “Smartest Guys in the Room,” Class discussion</p>	<p><b>Reading assignments:</b></p> <p><i>Accounting Ethics (D,D&amp;R)</i> Chapter 10</p> <p><i>Accounting Ethics (P&amp;C)</i>, Part III</p> <p><b>Case Study and Analysis:</b>Summary paper on class documentary film</p>
7	<p><b>Lecture and discussions:</b></p> <p>Whistle-Blowing with Case analysis</p> <p>Interview with Sharron Watkins – “Constant Warning”</p> <p>Selected cases for analysis</p>	<p><b>Reading assignments:</b></p> <p><i>Ethics and the Conduct of Business</i>, 7th ed., J. Boatright</p> <p>Chapter 4 “Whistle-Blowing</p> <p><i>Accounting Ethics (D,D&amp;R)</i> Current Debates – Fair Values, pp. 185-198, Discussion questions p. 198</p>
8	<p>Class presentations of final case analysis</p> <p><i>Accounting Ethics (P&amp;C)</i>.</p> <p>Case: Lehman Bros. – Due week 8 with class presentation</p> <p>Administration of 2nd DIT-2 test</p>	

A. Required Case Analysis

Ellis

All case analysis shall have the following procedures and components:

Analysis of facts presented in case;

Evaluation of possible solutions to case dilemmas;

Application of case evaluation and the link to class discussions and reading assignments;

Evaluation of ethical principles used in determinations of evaluations;

Analysis of actual outcomes from court decisions and connection with poor ethical decisions in cases.



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