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# Accounting Educators' Opinions about Ethics in the Curriculum: An Extensive View

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**ABSTRACT:** In this paper, we present the results of a comprehensive survey of accounting faculties' opinions and practices regarding ethics education. Consistent with recent state boards' decisions to require ethics continuing professional education (CPE) in the accounting curriculum, we find that accounting educators recognize the importance of ethics education to satisfy the profession's needs. Accounting educators rate themselves as the most appropriate source of ethics education and 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.

**Keywords:** accounting; ethics; education; survey.

## INTRODUCTION

This paper presents the results of a survey of accounting faculty regarding ethics instruction in the accounting curriculum. The survey is developed around research questions derived from a comprehensive review of prior research. The findings of this paper are timely, for the recent barrage of accounting scandals has re-ignited the controversial debate about the need for and importance of ethics education in accounting. One of the strongest reactions to these scandals, as it relates to accounting education, was an exposure draft issued by the National Association of State Boards of Accountancy (NASBA) on February 28, 2005. In addition to proposing an increase in the number of accounting and business courses required to sit for the CPA exam, the exposure draft required three credit hours of accounting ethics and three credit hours of business ethics. Programs could demonstrate fulfillment of this requirement by offering stand-alone courses or by offering an equivalent amount of integration in other courses; either option would qualify students to sit for the CPA exam.

The reaction to the NASBA proposal by academic organizations including the American Accounting Association (AAA 2005), Association for the Advancement of Collegiate Schools of Business (AACSB 2005a), and individual academic institutions could lead an observer to think accounting faculty are totally opposed to teaching ethics.<sup>1</sup> Consistent with many of these comments, however, Reckers (2006) implies that the issue has more to do

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<sup>1</sup> This assertion is based on the 178 comments that were posted on the NASBA website, predominantly from accounting educators (for some of these comments, see NASBA Archives at <http://www.nasba.org/nasbaweb/NASBAWeb.nsf/WPLA>).

with a battle for authority over control of the accounting curriculum than whether accounting programs should include ethics coverage.

The NASBA is currently working on a second exposure draft that will include a modified ethics requirement (NASBA 2006). Furthermore, to stress the core values of the profession, a growing number of state boards (34 out of 54) require an ethics CPE course as a condition for license renewal (Fisher et al. 2006). Given that academic accountants feel strongly that they should have input into how ethics should be treated in the accounting curriculum, a current view of their perceptions regarding ethics education is warranted. In particular, we provide insight into faculty perceptions about whether ethics should be taught as a stand-alone course or integrated across the curriculum. This debate has been fueled by the NASBA requirements and AACSB flexible requirements that do not require a separate ethics course. Both proposals have received extensive commentary in the academic press (Fisher and Swanson 2005; Swanson and Frederick 2005; Swanson 2004; Willen 2004; Phillips 2003; Benner 2002; Windsor 2002; Loeb 1994, 1998; Armstrong 1993; Piper et al. 1993).

The purpose of this paper is to provide some common understanding of accounting faculty perceptions and input for future standard setting. In doing so, this paper updates prior research by presenting a current and more comprehensive view of accounting ethics education as reported by accounting faculty. Tying our study back to previous literature based on an extensive literature review, we examine faculty perceptions as to whether ethics should be included in the curriculum, why ethics should (or should not) be included, who should teach ethics, and how and where in the curriculum ethics should be taught. We also report information about how and where faculty currently teach ethics and the degree to which faculty believe this coverage is sufficient.

This paper proceeds by first presenting research questions along with related prior literature. Second, the paper describes the survey and presents the results of the survey. The paper then concludes with a discussion of results, limitations, and recommendations for future research.

### PRIOR LITERATURE AND RESEARCH QUESTIONS

Prior literature regarding ethics coverage in the business curriculum, particularly in accounting, is plentiful. However, very few papers report the results of survey data. Since 1988, six studies have reported the opinions of accounting educators or administrators regarding ethics education (Madison and Schmidt 2006; Adkins and Radtke 2004; McNair and Milam 1993; Cohen and Pant 1989; Armstrong and Mintz 1989; Karnes and Sterner 1988).<sup>2</sup> Table 1 presents a summary of the prior surveys of accounting faculty as well as two recent, representative surveys of business school deans (Evans and Marcal 2005) and business school faculty (Lawson 2002) organized in terms of our research questions that are listed below.<sup>3</sup>

1. Should ethics be taught?
2. Why (*not*) teach ethics?
3. Who should teach ethics?

<sup>2</sup> Though our study focuses on accounting faculty, surveys of accounting administrators are included in the review. Department heads generally speak with an overall perspective regarding faculty opinions, and may have important insights that faculty do not have. Further, as faculty, department heads were included in our anonymous survey.

<sup>3</sup> Some of the findings from prior literature can conceivably be shown in more than one column of Table 1. Therefore, items are sometimes cross-referenced to facilitate the discussion.

**TABLE 1**  
**Prior Survey Literature**

**Panel A: Survey Description, Should Ethics be Taught?, Why (Not) Teach Ethics?, Who Should Teach Ethics?**

Authors	Survey Description	Should Ethics be Taught?	Why (Not) Teach Ethics?	Who Should Teach Ethics?
Madison and Schmidt 2006	Accounting Chairpersons Mail 23% Response Rate	Likert Scale: (1) unimportant to (5) important Importance of ethics education in Accounting: 4.22 Private schools 4.52 Public schools 4.28 AACSB-accredited 4.35 Nonaccredited		
Evans and Marcal 2005	Business School Deans Email 36% Response Rate	89% Ethics in educational mission 80% More emphasis on ethics in business schools	56% Business ethics decline in past decade 60% Ethics course will change attitude and behavior 78% Ethical awareness of students will raise ethical practice 16% Recent concern of ethics in business does not concern business education	
Adkins and Radtke 2004	Accounting Faculty and Students Faculty: Mail 31.6% Response Rate	Likert Scale (1) important to (7) unimportant Importance of ethics in business courses: 2.39 Faculty 1.81 Student	Likert Scale (1) important to (7) unimportant 2.97 Relate accounting education to moral issues 1.77 Identify moral implication of accounting issues 2.40 Develop sense of moral obligation 2.15 Develop ability to deal with ethical conflicts 2.13 Learn to deal with uncertainties of profession 2.93 Set the stage for change in ethical behavior 3.59 Understand history of ethical aspects and relate to general field of ethics	64.7% It is appropriate to have business faculty teach ethics course

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TABLE 1 (continued)

Authors	Survey Description	Should Ethics Be Taught?	Why (Not) Teach Ethics?	Who Should Teach Ethics?
Lawson 2002	Business School Faculty Mail 50.4% Response Rate	100% Respondents supported some form of ethics education	Likert Scale (1) agree to (5) disagree 1.76 Good ethics is good business 1.51 Importance for student to perceive ethical complexities 3.70 Ethics: either you have them or you don't 1.80 Faculty can influence student ethical beliefs 2.29 Adequate time to incorporate ethics into course 2.60 Ethical standards have declined ... students 2.78 Ethical standards have declined ... faculty 4.22 Ethics course indicates softening of academic standards	
McNair and Milam 1993	Accounting Faculty Mail 41.6% Response Rate	69.2% School coverage inadequate 34.2% Own coverage inadequate	Rank as #1 Problem: 50.3% Time 34.0% Material not available 11.4% Course not appropriate 4.3% Rewards <u>100.0% Total</u> 95.5% reported little or no reward to incorporating ethics 35.2% reported their college or dept. encouraged coverage	59.8% Feel qualified to incorporate ethics in accounting courses
Cohen and Pant 1989	Accounting Chairpersons Mail 33% Response Rate		Likert Scale (1) disagree to (7) agree 1.9 Are there tangible rewards 3.7 Ethics considered soft subject, which affects coverage Effectiveness of accounting faculty regarding public practice 4.3 Define ethical issues 3.6 Solve ethical issues	Likert Scale (1) disagree to (7) agree Accounting Faculty: 5.0 Qualified to teach ethics

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Author	Sample	Response Rate	Findings
Armstrong and Mintz 1989	Accounting and Administrators and Business School Deans	53.9%	<p>Mail</p> <p>Likert Scale</p> <p>(1) agree to (5) disagree</p> <p>3.53 Financial constraints</p> <p>2.88 Curriculum constraints</p> <p>3.38 Faculty constraints</p> <p>3.45 Lack of subject matter/materials</p> <p>4.08 May teach how to act unethically</p>
Karnes and Sterner 1988	Accounting Chairpersons	45.9%	<p>Mail</p> <p>Likert Scale</p> <p>(1) agree to (5) disagree</p> <p>School time devoted to ethics:</p> <p>2.96 Appropriate</p> <p>3.05 Too little</p> <p>4.17 Too much</p>

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TABLE 1 (continued)

Panel B: What Should be Taught?., Where Should Ethics be Taught?., Where is Ethics Taught?., How Should (Is) Ethics Taught?., Is Ethics Coverage Adequate?

Authors	What Should be Taught?	Where Should Ethics be Taught?	Where Is Ethics Taught?	How Should (Is) Ethics Taught?	Is Ethics Coverage Adequate?
Madison and Schmidt 2006		30.5% Separate course and integration 69.5% Integration only <u>100.0%</u> Total			Percentage class time reported for actual and ideal time by course for public versus private and AACSB accredited versus nonaccredited In all cases, ideal time is greater than actual time 80% More emphasis on ethics in business schools
Evans and Marcal 2005	66% Ethics course should seek to change attitude and behavior		Ethics course required: 34% Undergraduate 25% Graduate (M.B.A.)		
Adkins and Radtke 2004		59.1% Faculty agree ethics course would help accounting students	8.4% Faculty have taught ethics course 62% Institution has ethics course		
Lawson 2002	Likert Scale (1) agree to (5) disagree 1.73 Support student code of ethics	92.1% Joint school and business 7.9% Taught in school of bus. or other unit of school Should not be taught <u>0%</u> 100% Total			

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TABLE 1 (continued)

McNair and Milam 1993	8.3% Accounting ethics course	77.7% Include ethics in courses	Percent using method fol- lowed by Likert Scale (1)		69.2% School coverage
	50.0% Core accounting courses		not effective to (7) very		inadequate
	30.5% Business ethics course		effective		own coverage
	11.2% Other		Lecture	91.1% 4.83	35.2% Reported their college
	100.0% Total		Code of Ethics	53.5% 4.80	or dept. encouraged
Cohen and Pant 1989		40% Offer business ethics course	Written Case	48.4% 5.45	coverage
		18% Require for accounting majors	Video Vignette	29.9% 4.85	
		7.3% Do offer accounting ethics course	Written Vignette	24.4% 4.66	
Armstrong and Mintz 1989			Actual Separate Course		
			coverage:		
			20% Lecture		
			30% Lecture/Guest Speakers		
			10% Case Analysis		
			30% Lecture/Case Analysis		
			10% Student Presentations		
			100% Total		

(continued on next page)

TABLE 1 (continued)

Authors	What Should be Taught?	Where Should Ethics be Taught?	Where Is Ethics Taught?	How Should (Is) Ethics Taught?	Is Ethics Coverage Adequate?
Karnes and Sterner 1988	Likert Scale (1) agree to (5) disagree 1.90 AICPA Code of Ethics 1.73 Ethical standards and commitment to profession	Likert Scale (1) agree to (5) disagree 3.55 AACSB should require ethics course for accounting majors 3.49 AICPA should require ethics course for CPA candidates	Ethics Courses Offered: 8.5% Accounting ethic course 33.3% Business ethic course 58.2% Module in auditing or other accounting course No ethics in curriculum 0% 100% Total		Likert Scale (1) agree to (5) disagree School time devoted to ethics: 2.96 Appropriate 3.05 Too little 4.17 Too much 2.58 No surprise if past student unethical

Surveys included in Table 1 are of faculty or administrators in accounting (Madison and Schmidt 2006; Adkins and Radtke 2004; McNair and Milam 1993; Cohen and Pant 1989; Armstrong and Mintz 1989; Karnes and Sterner 1988) and business (Evans and Marcal 2005; Lawson 2002).

Surveys are presented in reverse chronological order.

Columns are organized to parallel research questions. Some of the results reported can conceivably be shown in more than one column.

Results stated as percentage indicate the percentage of respondents agreeing with each statement. Otherwise, results presented are the means reported from Likert scale measurement. For consistency, agree and disagree was used to describe Likert scale options when possible.

Survey Description indicates type of respondents, method of survey delivery, and response rate for each survey.



4. What should be taught?
5. Where should (is) ethics be (being) taught?
6. How should (is) ethics be (being) taught (i.e., methods)?
7. Is the current ethics coverage adequate?

We identified these questions by examining key areas of interest expressed through prior literature, as well as recent discussions in the popular press. The discussion below provides more detail about each of the research questions and related prior literature.

### Should Ethics Be Taught?

Nearly all prior literature concerning ethics education seems to start from an implied premise that ethics should be taught, if for no other reason than as a response to demands from external agencies and committees. For instance, Cohen and Pant (1989) motivate their survey of accounting chairpersons based on "the increased interest [primarily by the Treadway Commission] in the role of ethics in the profession."

Looking at Table 1, one can infer support for ethics coverage from prior surveys. This support stems from various questions asked concerning the importance of ethics in accounting and business courses (Madison and Schmidt 2006; Evans and Marcal 2005; Adkins and Radtke 2004) and adequacy of ethics coverage (McNair and Milam 1993; Karnes and Sterner 1988). Yet, only one of the surveys reviewed specifically asks, "Should ethics be taught?" Lawson (2002) found universal acceptance for ethics education in a survey of business faculty at five institutions.<sup>4</sup> Despite the advocacy expressed in non-empirical papers for ethics education (Fisher and Swanson 2005; Ravenscroft and Williams 2004; Loeb 1988) and the implied consensus of prior survey research, the negative response to the NASBA (2005) proposal suggests that it may be premature to assume a consensus for ethics coverage in accounting curricula. A contribution of this research, then, is that it begins with this most basic question:

#### Research Question 1: Should ethics be taught?

### Why (Not) Teach Ethics?

Table 1 shows that few surveys have reported why ethics should be included in the curriculum. Adkins and Radtke (2004) compared student and faculty ratings of the goals of accounting ethics education,<sup>5</sup> but their survey did not incorporate demands on the profession from the public, external agencies, or the profession itself. The implications of Adkins and Radtke (2004), therefore, relate primarily to the moral development of students. Evans and Marcal (2005) and Lawson (2002) ask questions that generally relate to the potential effectiveness of ethics instruction. Therefore, an opportunity exists to assess a wider variety of reasons why accounting educators should teach ethics than has been reported in prior literature.

As shown in Table 1, the most prominent reasons expressed in prior survey research regarding why faculty fail to address ethical issues in their courses are the lack of necessary resources and rewards to teach ethics (McNair and Milam 1993; Cohen and Pant 1989; Karnes and Sterner 1988) and, to a lesser degree, the belief that ethics cannot be taught (Evans and Marcal 2005; Lawson 2002; Cohen and Pant 1989). The question of whether ethics can be taught effectively has also been explored empirically with mixed results. Some empirical evidence suggests that ethics interventions can change reasoning

<sup>4</sup> See the "Where Should Ethics be Taught" column of Table 1 for additional detail.

<sup>5</sup> Faculty (only) ratings are shown in Table 1.

and behavior (Trevino and Nelson 2004; Rynes et al. 2003; Rest et al. 1999), while other intervention studies suggest otherwise (e.g., Lampe 1996; Ponemon 1993).

Resource-related reasons that have been debated in non-empirical research for not teaching ethics are space and time in the curriculum (Mintz 1990; Langenderfer and Rockness 1989; Loeb 1988), lack of ability, proper training, willingness of the faculty (Gunz and McCutcheon 1998; Mintz 1990), and lack of rewards or encouragement (McNair and Milam 1993; Cohen and Pant 1989; Loeb 1988). Finally, some commentators argue that ethical development is best left to institutions outside of formal education, like the family or spiritual/religious institutions (e.g., Kultgen 1988, 12). Others suggest that coverage may be merely for appearance, perhaps a public relations response to the presence of business scandals (McDonald and Donleavy 1995; Bishop 1992; Ingram and Peterson [1989] as cited in Hildebeitel and Jones 1991).

In an attempt to provide a comprehensive examination, the current research used past surveys and opinion literature on ethics, recent regulatory discussions, and the popular press to develop a list of possible reasons for teaching, and not teaching, ethics, in order to address the following research question(s):

### **Research Question 2: Why (*not*) teach ethics?**

#### **Who Should Teach Ethics?**

Prior research has widely debated the ability of accounting faculty to teach ethics. Some researchers have questioned whether accounting faculty have sufficient qualifications and training to teach ethics (Gunz and McCutcheon 1998; Oddo 1997; Mintz 1990; Armstrong and Mintz 1989; Langenderfer and Rockness 1989). Surveys, however, indicate that accounting faculty members believe they are capable of teaching ethics. As shown in Table 1, respondents in both McNair and Milam's (1993) and Cohen and Pant's (1989) surveys tend to agree that accounting faculty are qualified to teach ethics. Finally, although not specific to instruction by accounting faculty, Adkins and Radtke (2004) report that the majority of accounting faculty surveyed believe that allowing business faculty to teach ethics is acceptable.

What has not been addressed in survey research is who accounting faculty believe *should* teach ethics to accounting students. Some alternatives to delivery by accounting faculty have been offered in non-empirical research, including having applied philosophers teach the course (Langenderfer and Rockness 1989; Loeb 1988) and having accounting faculty team teach with ethics faculty (Loeb 1988). Past surveys have not addressed accounting faculties' opinions about these options. Thus, our survey adds to the literature by evaluating a variety of different options for who should teach ethics in the accounting curriculum, answering the following question:

### **Research Question 3: Who should teach ethics?**

#### **What Should be Taught?**

Opinions about the content of the ethics curriculum anchor on either practical application or theory. In the only accounting survey to address this question directly, Karnes and Sterner (1988) find strong support to base teaching on the AICPA code of professional conduct and ethical standards and professional commitment. Shaub (1994) questions whether over-reliance on Kohlberg's (1969) moral development theory as the foundation for accounting ethics education (e.g., Armstrong 1993; Ponemon 1993; Lampe and Finn 1994; Bay and Greenberg 2001) neglects rules and values of the profession that may properly restrain behavior in practice. Green and Weber (1997) provide some support for this

view. Results of their experiment suggest that a course that emphasizes the “spirit” of the professional code of conduct has the potential to positively impact ethical behavior. Loeb (1988) and Geary and Sims (1994), however, suggest the goals for accounting ethics education should include “develop[ing] a sense of moral obligation,” and “develop[ing] the abilities to deal with ethical conflicts or dilemmas.”

Conflicting opinions exist between supporters of the theoretical approach versus the applied approach to teaching ethics. As shown in Table 1, the conflict has received minimal attention in prior survey research. This shortcoming of prior research provides the basis for our fourth research question, namely:

#### **Research Question 4: What should be taught?**

#### **Where Should Ethics be Taught/Where is Ethics Taught?**

Considerable debate, particularly within the academic community, has occurred about whether a stand-alone ethics course or integration throughout the curriculum is the best approach to implementing accounting ethics education. The prior survey findings shown in Table 1 do not convey a clear answer to this question. Although Adkins and Radtke (2004) report that 59.1 percent of faculty surveyed agree that an ethics course would be beneficial to accounting students, McNair and Milam (1993) found only 8.3 percent favored a stand-alone accounting ethics course.<sup>6</sup> On average, respondents in Karnes and Sterner (1988) slightly disagreed that the AACSB should require an ethics course for accounting majors, and that the AICPA should require an ethics course for CPA candidates. Recently, Madison and Schmidt (2006) reported that 30.5 percent of accounting chairpersons surveyed supported a required ethics course in accounting *and* integration across the curriculum, as compared with 69.5 percent who favor integration only.

Commentary on the issues is plentiful and supports a variety of different approaches. For instance, Fisher and Swanson (2005) argue that a stand-alone course signals to accounting students that ethics matters, creates the conceptual building blocks that would improve integration, and provides opportunity for curriculum assessment. Loeb (1994, 1998), Piper et al. (1993), and Swanson and Frederick (2005) express similar supporting opinions. On the other hand, Oddo (1997) claims that when ethics is taught in a separate course, students incorporate less of what they learn into other business courses. Mintz (1990) and Loeb (1988) point out that integration across the curriculum may help students realize that ethics is not an isolated issue, but is rather an integral part of the profession. Loeb and Rockness (1992) and Piper et al. (1993) provide similar support for integration. Armstrong (1993) believes that framing the debate as an either/or proposition—offering a stand-alone course in ethics or integrating ethics throughout the curriculum—creates an unnecessary false dichotomy. Armstrong (1993) promotes a general ethics course, followed by integration into the curriculum, and tied together at the end of the curriculum with a capstone course on ethics and professionalism in accounting.

Information about where ethics is actually taught communicates how perceptions align with reality. In the mid-1980s, more than half of business schools required an ethics course (Collins and Wartick 1995). In 1989, Cohen and Pant reported that 40 percent of respondent schools offered a business ethics course, though it was only required of accounting majors at 18 percent of respondents' schools. More recently, Evans and Marcal (2005) reported

<sup>6</sup> To clarify this interpretation it should be noted that McNair and Milam (1993) asked respondents to choose *one* of the following: a stand-alone accounting ethics course, integration in core accounting courses, a business ethics course, or other options.

that AACSB-accredited business programs required an ethics course in 34 percent of undergraduate programs and 25 percent of M.B.A. programs. Willen (2004) reports that only 33 percent of AACSB-accredited business schools even offer an ethics course, though Adkins and Radtke (2004) report a much higher percentage (62 percent) offer a course. In general, the reported offerings are sparse in accounting, with 7.3 percent (Armstrong and Mintz 1989) and 8.5 percent (Karnes and Sterner 1988) of programs providing a stand-alone ethics course, and 8.4 percent of faculty reporting having taught a course (Adkins and Radtke 2004). As shown in Table 1, questions asked in the prior survey literature center on course offerings rather than integration. However, McNair and Milam (1993) report that 77.7 percent of faculty integrate ethics into at least some of their accounting courses.

Given the significant discussion about this issue and the important feedback this study might offer as the NASBA develops guidelines for incorporating ethics, questions related to where ethics should be incorporated, as well as where respondents actually incorporate ethics, were included as a basis for the following research question(s):

**Research Question 5: Where should (is) ethics be (being) taught?**

**How Should Ethics be Taught/How is Ethics Taught?**

Survey research has addressed how ethics is taught, both through integration in accounting courses (McNair and Milam 1993) and in stand-alone accounting ethics courses (Armstrong and Mintz 1989; Karnes and Sterner 1988). Further, McNair and Milam (1993) examined perceived effectiveness of methods by those faculty who actually use them. Beyond these effectiveness ratings, evidence about how ethics should be taught comes from various authors' commentary.

Possibly the most interesting component of discussions on ethics instruction compares the use of lecture and cases. According to McNair and Milam (1993), more than 90 percent of accounting educators who reported that they teach ethics listed lecture as one of the delivery mediums used, while only 48.4 percent report using cases. Armstrong and Mintz (1989) find that 20 percent of respondents use lecture only in their stand-alone ethics courses, while another 30 percent use lecture in combination with guest speakers. Only 30 percent use lecture and cases, and another 10 percent use cases exclusively. The findings of Armstrong and Mintz (1989) could be interpreted to suggest that 80 percent of respondents use lecture and 40 percent use cases, which is relatively consistent with the percentages reported by the respondents in McNair and Milam (1993).

In contrast to these percentages, faculty who use the lecture method to incorporate ethics in accounting courses generally rate this method as equally effective to the other methods evaluated, except for written cases (McNair and Milam 1993). Commentary by other authors shows widespread support for the case method (Kerr and Smith 1995; Hildebeitel and Jones 1991; Mintz 1990; Langenderfer and Rockness 1989; Loeb 1988), though some authors do provide arguments against its implementation. For instance, Gunz and McCutcheon (1998) hold that case teaching is an art and worry that many accounting educators may lack the training necessary to make this approach successful. Further, Baetz and Sharp (2004) expressed concern that many of the teaching notes provided with cases fail to provide sufficient guidance for educators unfamiliar with teaching ethics, thereby reducing their effectiveness.

The literature also conveys mixed signals regarding other methods for teaching ethics. Researchers note that faculty commonly use readings and articles for ethics instruction (McNair and Milam 1993) and praise them for being efficient (Armstrong and Mintz 1989).

Students, however, describe readings as boring and irrelevant (Pizzolatto and Bevill 1996). Though vignettes are more popular with students (Armstrong and Mintz 1989), faculty use them infrequently (McNair and Milam 1993). Some authors tout guest lecturers (Langenderfer and Rockness 1989; Loeb 1988) and moral exemplars (Thomas 2004; Armstrong et al. 2003) as effective ways to introduce students to the profession's values. Loeb (1988) and Langenderfer and Rockness (1989) suggested the use of role playing for teaching ethics, but speculate that its use may be ineffective because faculty may not be comfortable with its implementation. Pizzolatto and Bevill (1996) find little evidence that faculty use role-playing to demonstrate ethical behavior. Hildebeitel and Jones (1991) recommend the use of textbook materials, but Baetz and Sharp (2004) criticize textbooks and end-of-chapter material for examining ethical issues only superficially.

While past research provides some guidance about the methods used for teaching ethics, it fails to provide a systematic assessment of the methods that faculty believe should be used. Our research contributes to this evaluation by exploring the following research question(s):

**Research Question 6:** How should (is) ethics be (being) taught (i.e., methods)?

**Is the Current Ethics Coverage Adequate?**

Madison and Schmidt (2006) asked accounting chairpersons to indicate the ideal and actual class time spent on ethics instruction in each accounting class. They compare the responses from private versus public institutions as well as AACSB-accredited versus non-accredited institutions. As summarized on Table 1, Madison and Schmidt (2006) report that in all cases, ideal time is greater than actual time spent on ethics instruction.<sup>7</sup> McNair and Milam (1993) report that accounting educators generally believe the amount of coverage in their own courses is sufficient (i.e., 34 percent rated their own coverage as inadequate). In contrast, 69 percent stated that the coverage at their respective schools is inadequate. Respondents to Karnes and Sterner's (1988) survey appear neutral regarding questions about whether the time spent on ethics was appropriate or too little. Rather than indicating indifference, however, the underlying data indicate that accounting administrators were divided about the adequacy of ethics coverage. Furthermore, Karnes and Sterner's (1988) respondents disagreed when asked if the time devoted was too much.

Combined with information from Table 1 regarding the lack of encouragement and rewards for teaching ethics, this information suggests that faculty and administrators believe ethics coverage can and should be improved. Our study adds to this information by providing a more complete and direct look at the issue of sufficient coverage, by addressing the following research question:

**Research Question 7:** Is the current ethics coverage adequate?

To examine the research questions identified above, we created a survey to administer to accounting educators nationwide. The specific items included in the survey were based on a careful review of the accounting and business ethics literature, with consideration for current topics related to ethics instruction, such as AACSB activities.<sup>8</sup>

<sup>7</sup> Comparisons reported by Madison and Schmidt (2006) are too detailed to reproduce in a meaningful manner in Table 1.

<sup>8</sup> The complete survey is available upon request.



### DESCRIPTION OF SURVEY

The survey was conducted online using a proprietary survey system developed by one of the co-authors' institutions. During May and June 2004, subjects were sent a personalized email with a unique URL, allowing them to access the survey. Each URL could be used only once. Respondents could leave the survey and then return to the place where they left off by using their assigned URL. Subjects could also click on a link to "opt out" of the survey. Those who did not affirmatively opt out but failed to complete the survey received two follow-up reminders at seven-day intervals.

Respondents rated most questions on a five-point scale, with one indicating strong disagreement with the item, five indicating strong agreement with the item, and three being neutral. In addition, respondents answered some questions on a strict yes/no basis. The yes/no questions represented items that ultimately required a decision about a course of action (e.g., should ethics be taught), as opposed to those describing perceived underlying reasons for an outcome (e.g., *why* should ethics be taught?).

The survey sample was selected from 5,479 U.S. accounting faculty members listed in the 2004–2005 *Hasselback Accounting Faculty Directory*. The directory was initially sorted by institution. Surveys were sent to every other individual to assure consistent coverage by institution (i.e., the sample included approximately one-half of the individuals from each institution). In total, 2,738 emails were sent requesting participation. Of these, 346 were undeliverable, and 10 individuals responded as not being qualified. Thus, the sample of qualified subjects receiving the survey was 2,382. Of these, 313 people started the survey (13.1 percent). Thirty-four surveys were eliminated because they were incomplete. As a result, 279 usable surveys were received, representing an 11.7 percent response rate.

This response rate may appear low when compared with the response rates for previous ethics-related surveys of accounting faculty.<sup>9</sup> However, research suggests that survey response rates are generally decreasing over time (Jarvis 2002). Further, a summary of articles comparing traits of different survey methods reveals wide variations in response rates for both mail and email surveys, with rates from 7 percent to 75 percent for email and 10 percent to 90 percent for mail (Hanna et al. 2005). Thus, our response rate is not altogether unexpected.

Further, our study was longer and more comprehensive than the other surveys reported in Table 1. However, the length of the survey does not appear to be the primary reason for the low response rate. Only 13.1 percent of the recipients opened the survey. This rate is identical to the 13 percent response rate reported by Bailey et al. (2005) for a survey regarding the peer review process in accounting. Bailey et al. (2005) sampled from the same population, used the same response mode, and conducted their survey at approximately the same time as we did. Therefore, we conclude that the length of the survey does not appear to have been a response deterrent, and that our response rate is not inconsistent with recent studies.

Typically, survey researchers examine nonresponse bias by comparing early responders to late responders, with the idea that late responders are similar to nonresponders. We performed tests comparing means and frequency distributions for the early responders in our study to late responders. Of 62 items compared, significant differences at the 5 percent

<sup>9</sup> Response rates of prior research are presented in Table 1.



confidence level existed for only four of these items.<sup>10</sup> One would expect three significant differences based on random chance. Thus, our tests suggest minimal, if any, effect of nonresponse bias.<sup>11</sup>

Table 2 shows a variety of demographic measures. Table 2 reports institutional measures, such as type of university and accreditation, as well as personal characteristics, such as gender and professional experience. Overall, the sample seems reasonable and sufficiently diverse. For instance, the sample represents all ranks and functional areas of accounting well.

## SURVEY FINDINGS

### Should Ethics be Taught?

The first question asked was, "Should accounting students receive ethics training?" Ninety-five percent of the accounting faculty in the current survey responded positively.

### Why (Not) Teach Ethics?

Respondents evaluated reasons why accounting students should receive ethics training as well as reasons why they should not. Reasons reflect items addressed in prior research as well current topics related to ethics instruction, such as AACSB activities and recent business scandals. Each of the reasons was rated on a five-point scale, from (1) strong disagreement to (5) strong agreement. The goal of these questions was to identify the perceived pros and cons of ethics in the curriculum. The first column of Tables 3 and 4 present the results for the entire sample.

As shown in Table 3, accounting educators believe that ethical development is (1) critical to the profession, (2) necessary to re-establish public trust after recent accounting scandals, and (3) an important step toward making sure that the profession does not lose the right to self-regulate.<sup>12</sup> There appears to be a responsibility to both the profession and external parties underlying these reasons. The commonality of these reasons is supported by factor analysis reported in Columns 2 and 3 of Table 3.<sup>13</sup> These reasons (along with a question related to whether ethics training is required by the AACSB) cluster together in a factor we propose describes reasons why external parties need accounting programs to teach ethics. The remaining reasons for teaching ethics, all of which load on a separate factor,

<sup>10</sup> To examine the potential of nonresponse bias more thoroughly, comparisons were made of the four items where there was a significant difference. Late responders were:

- More likely to teach an ethics course (either accounting or otherwise: 2.4 percent in the early group and 10.4 percent in the late group),
- More likely to agree that ethics should be a separate course in the accounting curriculum (16.6 percent in the early group and 28.5 percent in the late group),
- More likely to say that that failure to teach ethics in the accounting curriculum contributed to recent business scandals (mean on a five-point scale is 2.46 for the early group and 2.71 for the late group), and
- Less likely to say that articles or readings should be used for teaching ethics (mean on a five-point scale is 4.01 for the early group and 3.77 for the late group).

Based on conventional wisdom regarding nonresponse bias, these tests suggest, if anything, that nonrespondents may be more favorable toward ethics inclusion than respondents, thus biasing the results of the study *against* inclusion of accounting ethics in the curriculum.

<sup>11</sup> Another method for examining nonresponse bias is to interview a sample of nonrespondents and compare their characteristics to those of nonrespondents. However, because the survey system used masks the identity of respondents, it was not possible to identify nonrespondents.

<sup>12</sup> Some might argue that this has already occurred with the creation of the Public Company Accounting Oversight Board by the Sarbanes-Oxley Act.

<sup>13</sup> This analysis, as well as a similar analysis performed for the reasons in Table 4, uses principal components analysis with a Varimax rotation. Factor loadings of .4 and above are identified as significantly contributing to a factor and are included in the table, consistent with the recommendations of Hair et al. (1992).

**TABLE 2**  
**Descriptive Statistics**  
 (n = 279)

	<u>Number<sup>a</sup></u>	<u>Percent<sup>a</sup></u>
<b>Panel A: Type of University</b>		
Liberal Arts	33	11.9
Primarily Undergraduate University	82	29.5
Comprehensive University	<u>163</u>	<u>58.6</u>
Total	278	100
<b>Panel B: University Support</b>		
Religiously Affiliated	43	16.0
Public	188	69.9
Non-Religiously Affiliated Private	<u>38</u>	<u>14.1</u>
Total	269	100
<b>Panel C: AACSB Accreditation</b>		
Non-Accredited	62	22.3
CBA Accredited Only <sup>b</sup>	88	31.7
CBA and Accounting Accredited <sup>b</sup>	<u>128</u>	<u>46.0</u>
Total	278	100
<b>Panel D: Degrees Offered<sup>c</sup></b>		
Associate	11	3.9
Bachelor	254	91.0
Master's of Accountancy	150	53.8
Master's of Business Administration	166	59.5
Ph.D.	<u>72</u>	<u>25.8</u>
Total	NA	NA
<b>Panel E: Institution Focus</b>		
Research	29	10.5
Teaching	98	35.5
Balanced	<u>149</u>	<u>54.0</u>
Total	276	100
<b>Panel F: Faculty Rank</b>		
Professor	100	36.4
Associate	110	40.0
Assistant	51	18.5
Instructor	<u>14</u>	<u>5.1</u>
Total	275	100

(continued on next page)

TABLE 2 (continued)

	Number <sup>a</sup>	Percent <sup>a</sup>
<b>Panel G: Faculty Primary Teaching Area<sup>c</sup></b>		
Financial	132	47.3
Tax	49	17.6
Audit	45	16.1
Managerial	81	29.0
Systems	45	16.1
Total	NA	NA
<b>Panel H: Faculty Gender</b>		
Female	107	38.6
Male	170	61.4
Total	277	100
<b>Panel I: Highest Education Level</b>		
Ph.D./E.D.D	215	78.8
J.D.	7	2.6
Master's of Accountancy	19	6.9
Master's of Business Administration	26	9.5
Master's of Tax	4	1.5
Undergraduate	2	.7
Total	273	100
<b>Panel J: Professional Experience<sup>c</sup></b>		
Public Accounting	177	63.4
Industry	125	44.8
Government	48	17.2
Total	NA	NA

<sup>a</sup> Number and percent of respondents for each question.  
<sup>b</sup> CBA signifies College of Business Administration.  
<sup>c</sup> Respondents could check more than one answer. Percent shown is based on 279 (total) respondents.

seem to relate to why students need ethics training. When comparing the two factors, respondents rate the student-need items as less important than external-need items. At the far end of the spectrum, respondents do not seem to think that a lack of ethics education in the accounting curriculum contributed to recent accounting scandals, as this was the only reason that resulted in a less-than-neutral mean rating.

In addition to rating reasons for ethics training, respondents evaluated reasons why ethics should *not* be taught, as reported in Table 4.<sup>14</sup> Overall, when comparing Table 4 to Table 3, the mean response for reasons why accounting students should *not* receive ethics

<sup>14</sup> We included "learning ethical values should be left to family, church, etc." as a potential reason why accounting students should not receive ethical training. Our choice of the word "church" may have inadvertently excluded people whose religion or spiritual beliefs do not involve church attendance.

TABLE 3  
Why Accounting Students Should Receive Ethics Training

	Overall Analysis		Factor Analysis of Reasons (factor loadings > .4 are shown) <sup>a</sup>		Comparison of Those Who Believe Ethics Should/Should Not be Included in the Accounting Curriculum	
	All Subjects <sup>a</sup> Mean (s.d.) Rank		External Parties Need Us to Teach Ethics	Students Need Ethical Training	Should <sup>a</sup> Mean (s.d.) Rank	Should Not <sup>a</sup> Mean (s.d.) Rank
Ethical development is crucial to the accounting profession	4.64 (0.73) 1		.63		4.68 (.67) 1	3.86** (1.23) 2
Public trust needs to be reestablished due to recent accounting scandals	4.42 (0.80) 2		.75		4.43 (.79) 2	4.07* (.83) 1
The profession may lose the right to regulate itself if ethical lapses continue <sup>b</sup>	4.14 (0.94) 3		.77		4.19 (.90) 3	3.29** (1.33) 4
Students do not seem to be getting adequate ethical training	3.56 (1.05) 4			.83	3.62 (1.02) 4	2.50** (1.09) 7
Ethics training is required by AACSB <sup>c</sup>	3.55 (0.96) 5		.57		3.57 (.95) 5	2.93 (1.00) 5
Students' ethical awareness has declined over the years	3.36 (1.08) 6			.74	3.36 (1.08) 7	3.36 (1.28) 3

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TABLE 3 (continued)

Accounting education is focused on the "right" answer and does not prepare students to make ethically sensitive decisions	3.33 (1.07) 7	.48	3.37 (1.06) 6	2.64* (1.08) 6
Failure to teach ethics in the accounting curriculum contributed to recent business scandals	2.62 (1.11) 8	.65	2.66 (1.09) 8	1.79** (1.19) 8

\*, \*\* Indicates a  $p < .01$  and  $p < .05$  significant difference, respectively, between means for those who believe (versus do not believe) that accounting students should receive ethical training.  
Differences assessed using Mann-Whitney U-test.  
Respondents were asked to rate each item on a 1 (strong disagreement) to 5 (strong agreement) scale.  
<sup>a</sup> Mean, standard deviation, and rank of items within columns by all subjects ( $n = 279$ ), subjects who believe accounting students should ( $n = 265$ ) and should *not* ( $n = 14$ ) receive ethical training.  
<sup>b</sup> Two missing.  
<sup>c</sup> Nine missing.  
<sup>d</sup> The loadings reported result from a principal components analysis using Varimax rotation.



**TABLE 4**  
**Why Accounting Students Should Not Receive Ethics Training**

	Overall Analysis		Factor Analysis of Reasons (factor loadings > .4 are shown) <sup>d</sup>		Comparison of Those Who Believe Ethics Should/ Should Not be Included in the Accounting Curriculum	
	All Subjects <sup>a</sup> (n = 279) Mean (s.d.) Rank	Resource Constraints Preclude Teaching Ethics	Ethics Training in the Classroom is Ineffective	Should <sup>a</sup> (n = 265) Mean (s.d.) Rank	Should Not <sup>a</sup> (n = 14) Mean (s.d.) Rank	
Very few accounting faculty are willing to teach ethics	3.04 (1.08) 1	.87		3.06 (1.08) 1	2.64 (1.08) 8	
The current demands of the accounting curriculum leave little or no time to teach ethics <sup>b</sup>	3.01 (1.25) 2	.45		3.01 (1.25) 2	3.07 (1.27) 6	
Very few accounting faculty are qualified to teach ethics	2.95 (1.22) 3	.78		2.95 (1.20) 3	3.00 (1.52) 7	
Ethical training in the classroom cannot adequately prepare students for “real-world” dilemmas	2.64 (1.12) 4		.69	2.60 (1.09) 4	3.50** (1.35) 3	
Demands for teaching ethics in the curriculum are merely a public relations response to recent accounting scandals	2.56 (1.20) 5		.62	2.50 (1.16) 5	3.71** (1.44) 2	
Ethics cannot be taught	2.48 (1.14) 6		.72	2.39 (1.07) 6	4.14** (1.10) 1	

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TABLE 4 (continued)

Learning ethical values should be left to family, church, etc. <sup>c</sup>	2.22 (1.08) 7	.72	2.17 (1.04) 7	3.21** (1.37) 5
Accounting curriculum is the wrong venue for ethical instruction	1.99 (0.95) 8	.77	1.93 (.90) 8	3.14** (1.23) 4

\*, \*\* Indicates a  $p < .01$  and  $p < .05$  significant difference, respectively, between means for those who believe (versus do not believe) that accounting students should receive ethical training.  
Differences assessed using Mann-Whitney U-test.  
Respondents were asked to rate each item on a 1 (strong disagreement) to 5 (strong agreement) scale.  
<sup>a</sup> Mean, standard deviation, and rank of items within columns by all subjects ( $n = 279$ ), subjects who believe accounting students should ( $n = 265$ ) and should not receive ethical training.  
<sup>b</sup> One missing  
<sup>c</sup> Two missing.  
<sup>d</sup> The loadings reported result from a principal components analysis using Varimax rotation.



training (Table 4) is much lower than the mean response for reasons why they should (Table 3). The highest-rated reason for not teaching ethics rated 3.04 on a five-point scale, consistent with the fact that most of the respondents indicated that ethics should be taught. Specifically, the most highly rated reasons for not providing ethics instruction related to faculty willingness to teach ethics, lack of available time in the curriculum, and lack of faculty qualifications to teach ethics. By comparing the highest-rated to the lowest-rated reasons, it appears that the reasons against ethics instruction in accounting courses have more to do with resource limitations and logistics rather than the concept of teaching ethics. The pattern of factor loadings for the eight reasons, as reported in Columns 2 and 3 of Table 4, supports this interpretation.

Unique to this study is our explicitly asking respondents whether ethics education should be included in the accounting curriculum. This direct approach facilitates a comparison between the responses of accounting educators supporting ethics instruction with those not supporting ethics instruction in the accounting curriculum. Only 14 of 279 respondents believe that ethics should *not* be included in the curriculum. Therefore, the comparative results should be interpreted with caution. Nonetheless, the results are interesting. The ranking of the mean responses for the groups presents the most intriguing results. While the mean ratings of reasons for including ethics (reported in Table 3, Columns 4 and 5) were lower for respondents who said ethics should not be included in the curriculum, the reasons were ranked quite similarly, with two exceptions. "Students do not seem to be getting adequate ethical training" was ranked fourth among ethics supporters and seventh among non-supporters. Furthermore, "students' ethical awareness has declined over the years" ranked seventh among ethics supporters and third among non-supporters. These findings imply that those who do not support including ethics instruction in the accounting curriculum may feel that problems are with students' inherent ethical awareness, rather than with the quality of ethics instruction.

Examining the average ratings for reasons not to teach ethics (reported in Table 4), we find that respondents supporting and not supporting ethics training in the accounting curriculum rated the importance of resource constraints (faculty willingness, ability, or time to teach ethics) similarly. For faculty who believed ethics should be included in the accounting curriculum, however, resource-related reasons were the *most* important reasons for not teaching ethics. On the other hand, for faculty who believed that ethics should not be included in the curriculum, items related to the effectiveness of ethics training in the classroom were at the top of the list. These results imply that those who oppose teaching ethics perceive greater inherent problems with the concept of teaching ethics.

Unless otherwise noted, the remaining research questions were evaluated based on the responses from the 265 accounting educators who think that ethics should be part of accounting education. Specifically, the survey asked respondents to indicate who should teach ethics, what should be taught, where and when ethics should be incorporated in the curriculum, and how ethics should be taught.

### Who Should Teach Ethics?

As shown in Table 5, on average, accounting faculty rated themselves as the most appropriate source of ethics education. Rather than relying solely upon philosophy or management faculty to teach ethics to accounting students, the respondents seem more amenable to the idea of team teaching with faculty from these disciplines. On average, respondents appear neutral to the idea that ethics should be taught only by those faculty with formal training in the discipline. Finally, respondents do not indicate a strong personal aversion to

TABLE 5  
Who Should Teach Ethics?  
(n = 265)<sup>a</sup>

	Mean (s.d.)
Accounting faculty <sup>b</sup>	3.89 (0.89)
Teams of accounting and philosophy and/or management faculty <sup>c</sup>	3.51 (1.17)
Management faculty specializing in ethics or corporate social responsibility <sup>d</sup>	3.02 (1.14)
Philosophy faculty <sup>e</sup>	3.01 (1.18)
Only faculty with sufficient training in ethical reasoning <sup>d</sup>	2.83 (1.17)
Accounting faculty, as long as I don't have to teach it <sup>f</sup>	2.04 (0.98)

Respondents were asked to rate each item on a 1 (strong disagreement) to 5 (strong agreement) scale.

<sup>a</sup> Items are listed in rank order by mean.

<sup>b</sup> Five missing.

<sup>c</sup> Eight missing.

<sup>d</sup> Seven missing.

<sup>e</sup> Six missing.

<sup>f</sup> Ten missing.

teaching ethics, as evidenced by their disagreement with the statement that "Accounting faculty [should teach ethics], as long as I don't have to teach it."

What Should be Taught?

The debate of practical application versus theoretical course content comes primarily from position papers found in prior literature (Loeb 1988; Geary and Sims 1994; Shaub 1994). To extend prior literature, we asked accounting educators what they believe should be the focus of accounting ethics education. Table 6 provides respondents' level of agreement with statements regarding ethics content to be taught. Largely, the respondents favor content from practice such as ethical issues faced by the profession, the understanding of professional moral obligations, and professional guidance (i.e., codes and standards). The average rating for teaching of classical theories is notably lower than the other items.

Where Should Ethics Be Taught?

Table 7 presents the survey results regarding where ethics should be included in the curriculum. It has been a decade since Loeb (1994) questioned whether faculty would ever embrace a stand-alone ethics course. Because the issue of stand-alone courses versus integration has been highly debated, and because the decision requires a definitive (yes/no) answer, we asked faculty to use a dichotomous measure to evaluate these issues. The majority of respondents do not welcome a separate course in accounting ethics, with only 22.6 percent in favor (Table 7, Panel A). Instead of an accounting course, a larger percentage of respondents supports an ethics course in the business curriculum (47.3 percent) and even

**TABLE 6**  
**What Should be Taught?**  
 (n = 265)<sup>a</sup>

	<b>Mean (s.d.)</b>
Ethical issues faced by the profession <sup>b</sup>	4.56 (0.67)
Understanding professional moral obligations <sup>b</sup>	4.41 (0.73)
Professional guidance (code of conduct, standards)	4.33 (0.81)
Ethical decision-making process/models	4.16 (0.84)
The pursuit of personal excellence <sup>c</sup>	3.74 (1.02)
Classical ethical theories (e.g., Egotism, utilitarianism, deontology or writings of Plato, Aquinas, Hume, Kant) <sup>d</sup>	2.98 (1.13)

Respondents were asked to rate each item on a 1 (strong disagreement) to 5 (strong agreement) scale.

<sup>a</sup> Items are listed in rank order by mean.

<sup>b</sup> One missing.

<sup>c</sup> Four missing.

<sup>d</sup> Three missing.

more favor inclusion of ethics in a required course in business law/social responsibility (77.4 percent). Accounting faculty members do not, however, support a philosophy course that emphasizes normative ethical theory (26.6 percent).

In total, 260 of the 265 respondents (98.1 percent) favor integrating ethics into the accounting courses in some manner (Table 7, Panel B). Specifically, 79.2 percent believe that programs should provide ethics coverage in every accounting course, with another 18.9 percent asserting that programs should incorporate ethics in some of the accounting courses. As shown in Table 7, Panel C, audit is the preferred course for integrating ethics instruction (97 percent). However, with a low of 85 percent (systems and advanced accounting), strong agreement for ethics integration in each course supports integration across the entire curriculum.

### **Where is Ethics Incorporated?**

Table 8 provides some feedback about the manner in which respondents actually incorporate ethics into their courses, if at all. These questions were asked of all 279 survey respondents, including those who thought ethics should not be taught. Approximately 82 percent of the respondents indicate that they teach ethics in their courses. When compared to the approximately 78 percent reported by McNair and Milam (1993), this finding implies only a small change in the past decade.

Nearly all of the ethics coverage in the curriculum is the result of integration into core accounting courses. All of the respondents who indicated that they teach ethics incorporate ethics into at least one of their standard accounting courses. More specifically, if 279 respondents incorporate ethics into a total of 330 courses, the average number of courses is 1.2 per faculty member. Furthermore, faculty members who do incorporate ethics spent

TABLE 7  
Where Should Ethics be Taught?

	Number <sup>a</sup>	Percent <sup>a</sup>
<b>Panel A: Separate Ethics Course (n = 265)</b>		
Accounting ethics should be a separate course in the accounting curriculum	60	22.6
Ethics should be required in the business curriculum, but not necessarily in accounting <sup>b</sup>	124	47.3
Ethics should be included in a required business law/corporate social responsibility course <sup>c</sup>	202	77.4
A philosophy class that teaches normative ethical theory should be required <sup>d</sup>	70	26.6
<b>Panel B: Integrated Ethics Coverage (n = 265)</b>		
Should ethics be present in every accounting course	210	79.2
If ethics should not be present in every accounting course, should ethics be incorporated in some standard accounting courses	50	18.9
Total supporting integration	260	98.1
<b>Panel C: Integrated Ethics by Course (n = 260)</b>		
Principles	239	90
Intermediate	244	92
Cost/Managerial	234	88
Audit	258	97
Tax	247	93
Systems	224	85
Advanced Accounting	225	85

<sup>a</sup> Number and percent of respondents indicating agreement with each statement.  
<sup>b</sup> Three missing.  
<sup>c</sup> Four missing.  
<sup>d</sup> Two missing.

TABLE 8  
Where is Ethics Incorporated?  
(n = 278)<sup>a</sup>

	Number <sup>b</sup>	Percent <sup>b</sup>
Do not teach ethics	51	18.4
Teach ethics in at least some accounting courses	227	81.7
Integrate ethics into a specific accounting course	330	120 <sup>c</sup>
Teach a stand alone ethics course <sup>d</sup>	13	4.7
Teach a component of a business ethics course <sup>d</sup>	18	6.5

<sup>a</sup> This question was asked of all respondents regarding ethics coverage in their own courses. One missing response.  
<sup>b</sup> Number and percent of respondents indicating agreement with each statement.  
<sup>c</sup> This percentage indicates that the average faculty member incorporates ethics into 1.2 courses. This figure includes the people who did not integrate ethics at all.  
<sup>d</sup> All respondents who taught either an accounting ethics course or a component of a business ethics course also incorporated ethics into their accounting courses.



an average of 4.4 hours covering ethics in each course (not shown). Eighteen (6.5 percent) respondents indicate that they offer an accounting component as part of a business ethics course. Perhaps the most surprising result of this survey is that only 13 of the respondents (4.7 percent) teach a stand-alone accounting ethics course. This finding seems low when contrasted with the 8.5 percent of accounting chairpersons reporting that their programs offered a stand-alone ethics course (Karnes and Sterner 1988). The reduction may be an artifact of the sample if nonaccounting or adjunct faculty members teach these courses.

### How Should Ethics be Taught/How is Ethics Taught?

Table 9 presents results related to accounting faculty opinions about the importance of various methods for teaching ethics, as well as responses about what methods the 227 respondents who incorporated ethics into their courses actually used. Ratings about what

**TABLE 9**  
**How Should Ethics be Taught?**  
**How is Ethics Taught?**

	<b>How Should Ethics be Taught? (n = 265)<sup>a</sup></b>	<b>How is Ethics Taught? (n = 227)<sup>b</sup></b>		
	<b>Mean (s.d.)</b>	<b>Number<sup>c</sup></b>	<b>Percent<sup>c</sup></b>	<b>Rank<sup>d</sup></b>
Case analysis <sup>e</sup>	4.40 (0.67)	161	70.9	2
Vignettes <sup>e</sup>	3.90 (0.84)	82	36.1	6
Articles and other readings <sup>e</sup>	3.88 (0.81)	112	49.3	4
Faculty as a model of professional behavior <sup>e</sup>	3.87 (1.09)	85	37.4	5
Ethical debates	3.84 (0.92)	74	32.6	7
Role playing	3.76 (0.95)	44	19.4	8
Ethical questions from textbooks <sup>f</sup>	3.54 (0.98)	132	58.1	3
Classroom lecture <sup>e</sup>	3.28 (1.07)	176	77.5	1
"Ethics Days" to expose students to moral exemplars <sup>g</sup>	2.92 (1.08)	6	2.6	10
Ethics textbooks <sup>f</sup>	2.86 (1.00)	16	7.0	9

Respondents were asked to rate each item on a 1 (strong disagreement) to 5 (strong agreement) scale.

<sup>a</sup> These questions were asked of all respondents who said ethics should be included in the curriculum. Items are listed in rank order by mean.

<sup>b</sup> These questions were asked of all respondents who said they teach ethics in their courses. Respondents were asked to indicate the methods they use to teach ethics.

<sup>c</sup> Number and percent of respondents indicating agreement with each statement.

<sup>d</sup> Rank of "How is Ethics Taught?" is presented to facilitate comparisons to "How Should Ethics be Taught?"

<sup>e</sup> Two missing for questions related to how ethics should be taught.

<sup>f</sup> One missing for questions related to how ethics should be taught.

<sup>g</sup> Four missing for questions related to how ethics should be taught.



should be taught were collected using a five-point Likert scale, while questions about methods used were framed as yes/no questions. On average, the respondents agreed that accounting classes should use each of the methods listed in Table 9 for teaching ethics, except for (1) using "Ethics Days" to expose students to moral exemplars and (2) using ethics textbooks.<sup>15</sup>

Once the respondents had rated each method, we asked them to rank the top three methods. While these results are generally consistent with the ratings and are not reported in the tables, they do provide insight to the question of how ethics should be taught. Specifically, 82 percent of faculty ranked the case method among their top three methods for teaching ethics, while only 30 percent ranked the next commonly cited method (vignettes) in their top three. The strength of this finding suggests that, although accounting faculty members believe a wide variety of methods are acceptable for teaching ethics, they favor case analysis. This interpretation is consistent with previous recommendations for case implementation (Loeb 1988; Langenderfer and Rockness 1989; Mintz 1990; Hildebeitel and Jones 1991; Kerr and Smith 1995).

In addition to providing feedback about what methods should be used to teach ethics, we asked accounting educators to indicate which methods they actually employ in the classroom. Many employed more than one method. Consistent with their beliefs about the most important method for teaching ethics, the majority of faculty use case analysis in their courses (70.9 percent). In addition, some consistency is shown concerning the usefulness and actual use of "ethics days" and ethics textbooks. However, classroom lecture is the most commonly used method (77.5 percent) even though it is not considered to be one of the better methods. These findings support earlier claims that ease and efficiency influence method choice (Gunz and McCutcheon 1998; McNair and Milam 1993).

Alone, these results seem to imply a disconnect between the most important methods for teaching ethics and those actually being used. However, when compared with past research, the results may indicate that accounting faculty may be making progress toward teaching ethics in the way they believe it should be taught. For example, the use of lecture, at 77.5 percent, is notably less than 91 percent reported by McNair and Milam (1993). Furthermore, the use of case analysis, at 70.9 percent, is substantially more than the 48 percent reported by McNair and Milam (1993).

### Is the Amount of Ethics Coverage Adequate?

Table 10 reports accounting educators' assessment of the adequacy of ethics coverage in their programs and in their own courses. These questions were asked of all 279 survey respondents, including those who thought ethics should not be taught. For table consistency, means and standard deviations are reported in Table 10. To facilitate comparisons to prior literature as well as interpretability, we also show the percentage of respondents who agreed with each statement (i.e., answered 4 or 5 on a five-point scale).

Respondents provided relatively high ratings of their programs. They report that ethics coverage is encouraged by their departments and valued by their universities, with mean responses of 3.79 and 3.69, respectively. Current respondents report that ethics coverage is more strongly encouraged by their departments than respondents did a decade ago (Cohen and Pant 1989; McNair and Milam 1993). For instance, as shown in Table 1, only 35.2 percent of the accounting faculty surveyed by McNair and Milam (1993) felt that their

<sup>15</sup> Ethics days are a class period or a day that is set aside to cover ethics in some schools. Methods used include guest lectures, moral exemplars, etc. This method may have been rated low by participants because individuals at schools where this method is not used may have been unfamiliar with it.

**TABLE 10**  
**Is Ethics Coverage Adequate?**

	<b>Mean (s.d.)</b>	<b>Percent<sup>d</sup></b>
<b>Panel A: Opinions about Ethics Coverage (n = 279)<sup>a</sup></b>		
Ethical coverage is encouraged by my department <sup>b</sup>	3.79 (1.04)	67.5
Ethical coverage is valued by my institution <sup>b</sup>	3.69 (1.14)	62.0
Ethical coverage is sufficient in the accounting department where I teach <sup>c</sup>	2.74 (1.02)	24.4
<b>Panel B: Adequacy of Coverage</b>		
I should probably incorporate more ethics into my course(s) (n = 262) <sup>c</sup>	3.84 (0.88)	75.2

Respondents were asked to rate each item on a 1 (strong disagreement) to 5 (strong agreement) scale.

<sup>a</sup> Items are listed in rank order by mean.

<sup>b</sup> Two missing.

<sup>c</sup> Four missing.

<sup>d</sup> Percent of respondents who rated each statement as agree or strongly agree.

<sup>e</sup> This question was asked of the 265 respondents who felt ethics should be included in the accounting curriculum, irrespective of whether they actually taught ethics.

departments encouraged ethics coverage, while 67.5 percent of respondents to the current survey agreed or strongly agreed with this statement.

Despite their belief that ethics is encouraged, respondents' average rating for sufficiency of ethics instruction in their departments was only 2.74 on a five-point scale, with only 24.4 percent of respondents agreeing that ethics instruction was sufficient in the accounting departments where they taught. In contrast, 45.8 percent (not shown) of respondents indicated that the ethics instruction in their department was insufficient (the remaining 30.8 percent were neutral). This finding compares favorably to 69.2 percent of respondents in McNair and Milam's (1993) survey who believed that coverage in accounting courses at their schools was inadequate.

The current results regarding sufficiency in accounting programs can be supplemented with results for respondents' perceptions of the adequacy of ethics instruction in their own courses, as shown in Table 10, Panel B. Responses averaged 3.84 to a question related to whether individuals felt they should incorporate more ethics into their own courses. Specifically, 75.2 percent of the respondents agreed that they should probably incorporate more ethics into their courses. In contrast, McNair and Milam (1993) report that only 34 percent of respondents felt that their own coverage of ethics was insufficient.

To summarize our comparisons to McNair and Milam (1993), our respondents are more likely to agree that ethics is encouraged by their departments and less inclined to state that ethics coverage at their institutions is insufficient. However, more of our respondents claimed that the coverage of ethics in their own courses is inadequate.

Respondents who did not integrate ethics into one or more of their courses ranked the top three reasons for not covering ethics (Table 11). Consistent with Cohen and Pant (1993) and reasons why ethics should *not* be included (as shown in Table 4), the most frequently cited reason for not including ethics was lack of time (58.4 percent). Adequacy of materials

TABLE 11  
Reasons for Not Including Ethics

Reason (n = 137) <sup>a</sup>	Number <sup>b</sup>	Percent
Don't have enough time	80	58.4
Adequate materials not available	69	50.4
Lack of ability/knowledge on how to integrate ethics coverage	50	36.5
Not appropriate	32	23.4
Rewards (or lack thereof)	20	14.6
Teaching ethics is a risky career strategy	6	4.4

<sup>a</sup> Respondents indicated that they did not teach ethics at all (51), or did not teach ethics in some of their classes (86).  
<sup>b</sup> Number and percent of respondents who ranked this reason as one of the top three reasons for not teaching ethics. Items are listed in rank order.

(50.4 percent) and lack of knowledge (36.5 percent) were also commonly cited. Perhaps more intriguing—because it comes from accounting faculty who do not integrate ethics in their classes—is that lack of rewards and career risks were infrequently chosen among the top three reasons for not teaching ethics. These findings may suggest a substantial change from previous research where 95 percent of McNair and Milam's (1993) respondents did not believe that they were given any rewards for incorporating ethics into their courses.<sup>16</sup> Alternatively, they may suggest that rewards are not the only significant motivator for accounting faculty.

CONCLUSION

Discussion

We present the results of an extensive survey of accounting faculties' opinions and practices regarding ethics education. We started our survey by asking accounting educators the most basic question: Should ethics be taught? We then went on to ask more detailed questions, asking who should teach ethics, what should be taught, where coverage should be incorporated into the accounting curriculum, and how ethics should be taught. Our goal was to update prior research in this area by presenting a more current and comprehensive view of accounting ethics education as reported by accounting faculty. In doing so, we provide useful insight about accounting faculty perceptions regarding the structure of ethics in the curriculum to assist standard setters like the AACSB and NASBA in shaping future requirements.

Despite the volume of (mostly) negative reactions to the NASBA (2006a) proposal, results suggest that 95 percent of faculty favor inclusion of ethics in the curriculum. The preferred reasons for including ethics reflect faculties' responsibilities to the profession and external parties, more than to students' inherent need for ethics instruction. Overall, respondents rate reasons for not including ethics as less important than reasons for including ethics. The most highly rated reasons for not including ethics relate to resource limitations, as opposed to the belief that ethics cannot be taught. Accounting faculty feel they are the best source of ethics education for accounting students, and favor focusing on content from practice, as opposed to classical ethical theories. These results imply that faculty are aware

<sup>16</sup> See Table 1, "Why (Not) Teach Ethics?"



of the importance of ethics to public perception, and consequently believe inclusion in the curriculum is important, especially in terms of topics related to professional practice.

Regarding how ethics should be taught, respondents believe that the case method is the best method of delivery, and they may be incorporating case analysis more than in the past. Perhaps the proliferation of ethics cases (e.g., May 1990; Brooks 2004) and seminars to assist faculty with teaching ethics (e.g., Loeb and Rockness 1992; Karr 2004) has impacted how ethics is taught. Consistent with perceptions of their inferiority, lectures are reported by our respondents to be used less than was reported in prior studies. However, lecture remains the most commonly used method to teach ethics. These results may suggest that faculty members are taking some added care when teaching ethics, perhaps in recognition of its increased importance, but that faculty have a long way to go if they wish to teach ethics in the manner they perceive is most effective.

Regarding where ethics should be taught, both opinion and current practice favor integration over a stand-alone ethics course. In fact, 98.1 percent of our respondents favor inclusion of ethics in at least some standard accounting courses, and 79.2 percent believe ethics should be included in all accounting courses. Although favoring integration, 82 percent of our respondents integrate ethics into their courses, comparable to the 78 percent reported in McNair and Milam (1993). One interpretation of these results is that the current climate of heightened interest in ethics education has had a limited effect on faculty practice.

Perhaps the most meaningful input for future standard setting concerns the extent of integration of ethics across the curriculum. The average faculty member in our survey integrated ethics into 1.2 courses, and spent about 4.4 hours per course. This level of integration amounts to approximately 32 hours of coverage in the average curriculum,<sup>17</sup> which equates to less than one three-credit hour course (48 hours). Therefore, if:

- (1) ethics is to be required in the curriculum, as advocated by our survey respondents and as encouraged by the AACSB (AACSB 2006a; AACSB 2006b, Business Standard No. 15; AACSB 2005b, Accounting Standard Nos. 39, 41, and 42; AACSB 2004),
- (2) the levels of coverage specified by the NASBA are appropriate, and
- (3) integration is the method through which this is to happen, as favored by our respondents and allowed by the NASBA (2005, 2006b) and the AACSB (2004, 2005a),

then more integration is needed than is currently present. In addition to the amount of coverage, the quality of instruction is also a concern.

There is no doubt that a number of effective integration initiatives do exist. A major premise of the integration approach, however, is that educators are willing and able to systematically intertwine ethics with technical coverage. Understandably, professors prefer to focus primarily on their own areas of technical expertise. Many may view making room for ethics coverage in technical courses, already brimming with material, as an unwelcome burden. Moreover, a lack of formal training in ethics may result in trivialized or distorted ethics coverage. Any of these circumstances could lead to superficial coverage of ethics. Integration in this manner may technically satisfy accreditation standards but, according to critics (Swanson and Frederick 2005; Swanson 2004; Willen 2004; Benner 2002), it defies stated accrediting goals.

<sup>17</sup> Conservatively, if the average faculty member teaches two courses, this equates to ethics coverage in 60 percent of the courses in the curriculum (1.2/2). If a minimum of 12 accounting courses are required in the curriculum, as specified in the NASBA exposure drafts (NASBA 2005, 2006b), at 4.4 hours per course, a total of 32 hours of coverage would be expected ( $12 \times 60 \text{ percent} \times 4.4 \text{ hours}$ ).

Alternatively, accounting programs must be persuaded to implement more stand-alone accounting ethics courses. With 22.6 percent of our respondents favoring a stand-alone accounting ethics course, our results suggest that this avenue may be a possibility. Although approximately one-fifth of our respondents favor a stand-alone ethics course, less than 5 percent of our respondents actually teach an accounting ethics course. Nearly two decades ago, Karnes and Sterner (1988) reported that 8.5 percent of accounting programs offered a stand-alone course. Our finding suggests that the number of stand-alone ethics courses in accounting may be on the decline, although an alternative explanation could be that these courses are staffed by nonaccounting or adjunct faculty who were not included in our survey population.

The apparent decline in accounting ethics courses is consistent with what has been observed in business schools in general. In the period leading up to the flexible AACSB standards, the number of required ethics courses grew dramatically. For instance, in the late 1980s, more than half of business schools were requiring an undergraduate *and* graduate ethics course. Since the adoption of the flexible AACSB standards in 1991, business schools offer fewer stand-alone ethics courses. In general, this decline has been attributed to the flexibility of the AACSB standards, and in particular to the allowed use of integration to fulfill the ethics requirements (Phillips 2003; Swanson 2004; Swanson and Frederick 2005; Windsor 2002).

A recent Bloomberg Press wire report noted only 33 percent of AACSB-accredited business schools offer a stand-alone ethics course (Willen 2004), a finding that is corroborated by a recent sample of 295 deans of AACSB-accredited business schools (Evans and Marcal 2005). Moreover, MacLean and Litzky (2004) substantiate this trend by noting that only 30 percent of the nation's top-30 business schools, as identified by *BusinessWeek* rankings, require an ethics course. Kelly (2002) noted that several business schools actually cut ethics courses shortly after news of the Enron and WorldCom business scandals broke. Arguments presented in prior research extolling the need for and benefits of a stand-alone ethics course may help further convince faculty of the importance of such a course (Fisher and Swanson 2005; Loeb 1994, 1998; Armstrong 1993; Piper et al. 1993). However, flexible accreditation standards remove one possible source of pressure to actually implement these courses (Fisher and Swanson 2005). If stand-alone courses are ever to flourish in accounting, then outside forces like the NASBA and state boards of accountancy will have to get involved by encouraging/requiring stand-alone ethics instruction.

Our respondents generally perceive that ethics education is encouraged and valued at their institutions. However, they seem to believe that coverage at their school remains insufficient and that they, personally, should be incorporating more ethics into their courses. Taken together, these results suggest that factors, such as time, materials, or rewards, may be preventing integration of ethics across the curriculum from being fully effective.

Overall, our respondents felt the main reasons why ethics should not be taught relate to resources (faculty time, qualifications, and space in the curriculum). Further, those respondents who specifically do not incorporate ethics cite lack of time, adequacy of materials, and lack of knowledge as the leading impediments. Although past research suggests limited rewards for teaching ethics may be a factor (McNair and Milam 1993; Cohen and Pant 1989), few of our respondents cited this factor as one of their top three reasons for not incorporating ethics, suggesting that rewards may not be the only motivating factor for incorporating ethics. Thus, accounting academics may need to conduct a thorough assessment of the curriculum if they are to find resources for effectively teaching ethics, whether through integration, stand-alone courses, or some combination. In addition to the need for



curriculum review, the profile of accounting faculty related to ethics education provides opportunities for future research.

### Opportunities for Future Research

The first series of future research questions relates to integration of ethics within accounting courses and addresses factors including the amount of ethics taught, the quality of coverage, and the measurement of both quantity and quality when integration takes place across the curriculum. While a large number of questions are possible, we propose what we consider to be the most interesting and pressing issues. With the level of integration well below potential impending licensure requirements, what is the appropriate level of coverage of ethics? How do we motivate faculty who are indifferent or opposed to ethics coverage to integrate ethics into their courses? Can integration be effective if some faculty do not participate? Furthermore, is it even possible to accomplish educational goals through integration only? What are the differences in resources, including time and training, necessary to teach an appropriate amount of ethics through integration versus a stand-alone course? How can we assure that vital topics are taught using integration? Regardless of the approach, how can we measure the quality of coverage and student learning?

Second, our respondents favor teaching application to theory. This finding begs the question: To what extent is theory necessary for effective application? In other areas of the social sciences, application is based on a theoretical framework. Accountants seem to have chosen a different pedagogical model for teaching ethics. Why? Can ethics be integrated effectively without exposure to a common body of knowledge? Is there an agreed-upon common body of knowledge in ethics that should be provided to accounting students? Is theory necessary to channel analysis effectively, or can we assume that students already understand the basics of ethics and are ready for application?

Finally, while the divide between perception and practice concerning the effectiveness of lecture versus cases has decreased, research is still needed to examine why faculty use the methods they employ. Consistent with prior claims (Gunz and McCutcheon 1998; McNair and Milam 1993), do faculty choose lecture because they perceive it is easier to implement, or because it truly is easier? Does the presence of materials like ethics cases (e.g., May 1990; Brooks 2004) and seminars to assist faculty with teaching ethics (e.g., Loeb and Rockness 1992; Karr 2004) influence the level of coverage? What other factors influence method choice?

All of these questions suggest that research needs to advance the debate beyond opinions. Empirical evidence of the efficacy of various approaches is needed. In order for these studies to occur, a shared understanding of the goals for accounting ethics education must evolve. Fisher et al. (2006) offer five goals for accounting ethics education that could serve as a starting point for this debate:

1. Deliver a common body of knowledge in ethics that is consistent with the mission of the university.
2. Ensure that students develop a facility for using the language of ethics.
3. Facilitate students' sensitivity to ethical issues.
4. Improve students' ethical reasoning skills.
5. Prepare students for the moral terrain of practical workplace realities.

A shared understanding of the goals for accounting ethics education would facilitate the development of assessment measures that, in turn, may allow us to begin empirically testing the beliefs about ethics education posited by accounting educators.



## Limitations

Nearly all of our respondents (95 percent) indicated support for ethics coverage in the accounting curriculum. In contrast, Everett (2005) conducted interviews with faculty aimed at understanding the impact that the relative absence of ethics discussion in top-tier research journals has on ethics education. His results indicated that approximately two-thirds of subjects were openly opposed to the idea of incorporating ethics into their courses or provided numerous reasons why they could not bring ethics coverage into their classrooms.

Given Everett's (2005) results, it might be naïve to assume that 95 percent of accounting educators believe that ethics should be incorporated into curricula. If so, then nonresponse bias may be greater than suggested by the traditional methods of estimation used in our analysis. Further, our results may only provide a partial profile, namely that of the accounting educator who favors ethics coverage.

Alternatively, our results may seem to conflict with those of Everett (2005) because our respondents were subject to social desirability bias. This bias would suggest that faculty members' actual perceptions related to ethics education might not be as favorable as reported in our study. A social desirability bias is particularly problematic concerning the integration of ethics in individuals' courses. If present, then this bias may imply a stronger uphill climb in convincing faculty to increase levels of integration.

Regardless of whether conflicting findings when compared to Everett (2005) suggest nonresponse bias or social desirability effects, the implication is that survey methods are incapable of providing a complete picture of the ethics debate. Researchers may need to employ different, and probably more creative, measures if they wish to fully understand the views of those who are indifferent toward or opposed to ethics instruction in accounting curricula.

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