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An Introduction to the Special Issue on Professionalism and Ethics in Accounting Education

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These are challenging times for accounting educators. Recent events on the world stage have brought to our attention the importance of ethical behavior in the practice of accounting, and therefore the importance of including ethics in accounting education. Above all, these events clearly show the need to instill in our students the importance of ethics to accountants and auditors. Nevertheless, it is apparent that ethics is not being given the prominence in the classroom that it requires. A recent study of accounting curriculum commissioned by PricewaterhouseCoopers (2003, 35) identifies that “ethics is not a consistent, integrated part of the education of most accounting students ...”

From its inception, the American Accounting Association’s Professionalism and Ethics Committee has sought to advance the “cause” of ethics in accounting by developing course materials and instructors’ skills and knowledge in ethics. Through its Ethics Research Symposia, it has also encouraged academic research into accounting ethics. This special issue of *Issues in Accounting Education* is an initiative of the Professionalism and Ethics Committee, as part of its continuing efforts in both instruction and research.

As accounting educators, we continue to upgrade our knowledge base and adapt our curriculum to include more and more technical topics. In contrast, there appears to be less emphasis accorded to understanding ethical research and less of a drive to adapt the accounting curriculum to include recent advances in ethical research. Nevertheless, as accounting educators, there has never been a better time to increase the time and effort we place on ethics in the classroom. We should not squander this opportunity. Now is the time to act, and to revise both our teaching approach and our curricula.

The PricewaterhouseCoopers (2003) report admonishes accounting educators to increase opportunities to include ethics and ethical issues in the classroom. Although many accounting educators recognize the need to increase the ethicality of prospective accountants and have the desire and the interest to increase their emphasis on ethics in the classroom, they are not trained in the academic disciplines underlying ethics research. Accounting educators who are unfamiliar with ethics research may not even be certain that ethics can be taught, where to find resources to develop their curriculum, or of which approaches may be most effective in developing ethical reasoning in their students. This special issue represents an attempt to partially fill this void.

The word “ethics” may be defined in many ways. For present purposes, it is defined as the field of inquiry that concerns the actions of people, in situations where these actions have effects on the welfare of both oneself and others. Ethical concepts and principles may be categorized in a number of different ways.

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One way is to distinguish values and choice, so that individual accountants choose which actions to perform, based in part on the values that hold priority in their minds. The focus of ethics education has been the development of the competencies required of accountants in order to act ethically. Furthermore, it appears to have focused on the choice dimension, and has not given equal attention to the values (such as "personal" and "professional" values) and to the character traits (virtues) that help to drive the choices that accountants make in practice.

The focus on making ethical choices is in large part the result of (and possibly results in) the fact that much recent ethics research has investigated individuals' ethical decision process, and the factors that influence the development and/or resolution of individuals' decision process (Rest et al. 1999). Strong links have been made between accountants' ethical decision process and their professional judgment (Thorne 1998), with empirical support for the correspondence between accountants' ethical reasoning process and their professional judgment. Thus, the field of ethics research in accounting education often focuses not only on the outcome of an ethical decision, that is, whether the accountant did the right thing, but also on the process or reasoning that underlies an accountant's decision. By focusing on the decision process as well as the decision outcome, ethics research attempts to influence the professional judgment of future accountants in addressing dilemmas and situations that may not yet be envisioned. This special issue includes materials and approaches to facilitate the ways and means to develop future accountants' ethical reasoning process that should result in better ethical decisions.

A second way of categorizing ethical thought is to distinguish issues of individual choice and issues of institutional structure. As many of the recent financial scandals (such as WorldCom and Enron/Andersen) demonstrate, the two are linked. Because individual accountants act as individuals in the context of a professional framework and of organizational structures, institutional factors have a profound effect on the choices they make. For example, in many cases, accountants participated in unethical behavior because of organizational pressures, while others refused to participate in such behavior in spite of such pressures. By and large, the papers in this special issue reflect the dominance of individual choice and behavior in ethics research. For this reason, less attention has been paid to questions of character and value on the one hand, and to institutional issues on the other. We look forward to more research and further development of teaching materials that focus on these other dimensions of accounting ethics.

We believe this special issue is an important step in promoting opportunities and approaches to the increased delivery of ethics in the classroom. Not only is the special issue an attempt to assure accounting academics that ethics education works, it also represents an attempt to describe several different education interventions that may be considered. In addition, it attempts to suggest some ways and means of finding resources to facilitate the delivery of accounting ethics in the classroom, as well as providing materials, including games and cases, that will be useful in classroom delivery.

It is important to note that the publication of this special issue on professionalism and ethics in accounting education only continues our collective attempts to fulfill our obligation as accounting educators. Much more work remains to be done. More material is needed to maintain the contemporary nature of ethics for accounting classrooms and to foster substantial investigation of key areas for ethics research. Most importantly, we cannot sufficiently stress the need to perform additional ethics research in accounting education that will address the longevity of particular interventions on accounting students and accountants' ethical reasoning.

In the week before the final deadline for submissions, a multitude of papers arrived. Editorial deadlines forced a very quick turnaround by many reviewers; it also required the authors of papers to revise their papers and return them promptly for further review. Many of the reviewers did a superlative job of providing high-quality feedback on very short time frames. Their suggestions improved the overall quality of the papers, and resulted in a highly evocative set of papers that we

hope can be used to facilitate the learning and teaching of accounting ethics. We thank the many authors and reviewers who supported this special issue whom we acknowledge below:

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Summary of Materials Included in This Special Issue

The first paper in this issue argues for the importance of a classically grounded ethics education for accountants, and provides an annotated bibliography introducing seminal ethical and philosophical reading to direct accounting educators in their development of a foundation of classic reading materials. "Incorporating Ethics and Professionalism into Accounting Education and Research: A Discussion of the Voids and Advocacy for Training in Seminal Works in Business Ethics" is by Marianne M. Jennings, a Professor of Legal and Ethical Studies at Arizona State University. Her goal is to aid accounting educators in guiding future accountants and auditors in understanding the ethical dilemmas they will face and how to resolve such dilemmas in the workplace. She examines recent financial collapses, including Sunbeam, Enron, WorldCom, Tyco, and HealthSouth through an ethical lens and asks key questions such as, "Where were the auditors and the accountants when these financial statements were released?" She also argues for accounting educators to emphasize and develop moral absolutes or "bright line" values such as honesty and fairness in their accounting students. This manuscript was submitted to the Educational Research Section of the journal and Barbara Apostolou, Louisiana State University, served as its editor.

The second paper in this issue considers the weight of the academic evidence to support the teaching of ethics, and provides an invaluable reference material to support the teaching of ethics in

accounting classrooms. "An Inventory of Support Materials for Teaching Ethics in the Post-Enron Era," by C. William Thomas describes a useful and valuable set of resources to facilitate the teaching of ethics in the accounting classroom. There are three main sections of this paper. The first section presents an overview of the literature that considers whether ethics can be taught, and describes the dominant theoretical paradigms to ethics education. The second section of the paper presents useful tools to facilitate the teaching of ethics in the classroom, and includes texts, useful websites, readings, and exemplary cases of ethical and unethical conduct. The third section of the paper presents education resource material that has been thoughtfully organized by subject area. The subjects include financial accounting, auditing, fraud, corporate governance, independence, integrity, and professionalism, information systems, management accounting, and taxation. This paper provides a wealth of information and practical tools that accounting educators of students at all levels can integrate into their classroom materials.

Further support for the effectiveness of educational interventions in the accounting classroom, in the short term, is provided in the next paper in this issue. "A Note on Ethics Educational Interventions in an Undergraduate Auditing Course: Is There an 'Enron Effect'?" by Christine Earley and Patrick Kelly is an empirical exploration of four separate educational interventions designed to give students experience in solving ethical dilemmas. The four interventions include explicit classroom training in the professional's ethical standards, exposure to Mintz's ethical decision framework, presentation, and discussion of accounting specific ethical videos, and the extensive use of cases in teaching and in examination of ethical dilemmas encountered in the accounting domain. Educators will be heartened to see that the effectiveness of educational interventions is supported at least in the short term. Furthermore, the results of this paper do not support the presence of an "Enron effect." Thus, this paper is of interest to accounting educators who are looking for proven effective ideas about how to make a difference in the classroom to immediately improve accounting students' ethical reasoning skills.

The next three papers all facilitate ways in which accounting educators can incorporate ethics content and teaching into the classroom. Robin Radtke presents a research note that endorses a structured approach to accounting students' ethical decision making, in "Exposing Accounting Students to Multiple Factors Affecting Ethical Decision Making." The author provides a well-organized set of materials to guide students in their ethical decision making, consisting of student handouts including an introduction, standards of professionalism, ethics vignettes, definitions of ethical concepts, and classification of ethical orientations, and application of ethical orientation in business settings. With these practical tools, accounting educators can suggest the strengths and weaknesses of the suggested structured approach in addressing ethical dilemmas in the accounting domain, and further explore the ethical issues embedded in ethical vignettes included in the material.

A novel approach to exposing accounting students to ethical issues is presented in "Using Games to Enhance Student Understanding of Professional and Ethical Responsibilities," by M. Elizabeth Haywood, Dorothy A. McMullen, and Donald E. Wygal. The game strategy introduced in this paper can most easily be described as accounting ethics bingo, where different ethical dilemmas are presented to students who are asked to consider key dimensions of each. This innovative (and fun) approach facilitates reinforcement of ethics in the accounting classroom throughout the semester, and may be of particular interest to accounting educators with students at the undergraduate level.

We are fortunate to be able to include two high-profile and seminal cases highlighting accounting ethics in this issue. The first case, "Behind Closed Doors at WorldCom: 2001," by Kay Zekany, Luke Braun, and Zac Warder, integrates ethical issues into the technical aspect of an accountant's and an auditor's domain. The case provides a vehicle conducive to use in the classroom setting to facilitate the investigation of WorldCom, the largest financial scandal in history, as seen through the

eyes of the participants. The roles of internal and external audit and management control systems are also put forward for the students to consider. The case materials conclude with an epilogue, which informs the readers about events that occur in 2003, subsequent to the case itself. More specifically, this case addresses issues relating to WorldCom's improper reduction of reported line costs, and exaggeration of reported revenues. This material is targeted to an undergraduate accounting course and may also be useful at an introductory master's level course.

The second case is "Sprint Corporation: Ethical Decisions and Tax Avoidance Strategies" by Daniel Verreault, Simon Yang, and Jack Angel. This case introduces Integrative Social Contracts Theory (ISCT) as an approach to resolving ethical dilemmas, and specifically applies the concepts and process of ISCT to the Sprint Corporation Case, including student assignment material. Two teaching strategies are suggested, one involving teams and discussions, the other involving scenarios and role playing. Of particular interest for tax educators, several issues described at Sprint focus on events surrounding Ernst & Young's tax shelter advice to senior executives. The case has been written to be suitable for courses in financial accounting, tax, and professional ethics at the graduate or upper undergraduate level.

The final paper is a commentary by Richard Bernardi that discusses the need for legitimacy in ethics research in accounting education. Bernardi suggests that legitimization is essential to ensure sufficient resources and efforts are devoted to important areas of ethics research in accounting education. The author argues that many accounting academics hold ethics research suspect due to its utilization of nontraditional research approaches. As a result, ethics research in accounting education is not well received in mainstream accounting journals, nor is there high regard for specialized accounting ethics journals. Consequently, ethics research in accounting education is generally excluded from the all important journal rankings. This exclusion does not reflect a lack of quantity nor quality in accounting ethics research, as accounting ethics research has substantially increased in ethics journals in the last five years, including those recognized in the *BusinessWeek* and *Financial Times* rankings. One approach to rectifying the situation is a call for increased consideration in the accounting journal rankings for specialized ethics journals.

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