

## Ethics in Accounting Education: What is Really Being Done

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**ABSTRACT.** Recent developments in the business world have caused the academic community to address the coverage of ethics in the accounting curriculum. This study surveyed accounting faculty to: (1) examine perceptions about ethics coverage in the undergraduate accounting courses; (2) identify teaching methods used to include ethics in the undergraduate accounting courses, the perceived effectiveness of those methods and the amount of time spent on ethics coverage; and (3) to identify problems encountered in including ethics in accounting courses. The study found that although a large majority of the professors surveyed (77%) said they include ethics, 69% felt that there was a need for more ethics coverage. Also, the study revealed that while the lecture method was the most commonly used method, the written case was deemed the most effective method. The average time spent covering ethics was a little over 3 hours per course. The most significant problems encountered by faculty who include ethics in their undergraduate accounting courses was not enough time and lack of appropriate ethics materials.

In recent years, several events in the business world have caused the academic community to re-examine the need to increase the coverage of ethics in the accounting curriculum. As a result of these events, several accounting organizations concerned with the

academic preparation of accountants have taken actions to improve ethics coverage in the accounting curriculum. The theme of the 1988 annual faculty consortium of the Federation of Schools of Accountancy (FSA) was "Integrating Ethics and Professionalism into the Accounting Curriculum." The American Accounting Association's (AAA) Committee on the Future Structure, Content, and Scope of Accounting Education (The Bedford Report, 1986) emphasized the need to include the study of ethical issues in the educational process. The AAA also has sponsored annual Conferences on Ethics and Professionalism. The Institute of Management Accountant's (formerly the National Association of Accountants) Education Committee has developed a series of five minute video vignettes that can be used in the classroom to familiarize accounting students with common ethical conflicts facing management accountants and to help develop skills in dealing with such dilemmas.

Since the inclusion of ethics in the accounting curriculum has been deemed to be important, a further assessment of current ethics coverage in the accounting courses seemed appropriate. In addition, an examination of the teaching methods used to incorporate ethics in such courses could be helpful in the process of further promoting the development and expansion of the coverage of ethical issues.

Little research has been done in recent years to discover the extent, type of coverage, and methods used to cover ethics in the accounting curriculum. In 1988, the Ethics Resource Center<sup>1</sup> sponsored a survey of graduate business school deans regarding ethics education in business schools. Eighty-nine percent of the business school deans responding indicated ethics topics were included in their graduate curriculum. In addition, ninety percent of the responding deans reported that ethics topics were

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included in some manner in the undergraduate program. While the survey indicated widespread acceptance of ethics in business school education, the degree of emphasis and the methods used to include ethics varied widely. However, lecture and discussion were the primary methods used at the undergraduate level. The study by the Ethics Resource Center examined only business curricula and not the functional area of accounting.

A 1972 study conducted by Loeb and Bedingfield investigated how and in which accounting courses ethics was being taught. Their study revealed that there was very little ethics coverage except in auditing, and a majority of their respondents said they spent three hours or less even in auditing on the subject of ethics. Although ethics was considered important when their survey was conducted, ethical considerations have become much more important in the past decade making information concerning current coverage of ethics even more important.

A recent study by Cohen and Pant (1989) examined the status of ethics in the accounting curriculum based on perceptions of accounting administrators. That study investigated various factors that appear to influence ethics coverage in accounting courses. The results of their survey indicated that accounting administrators perceived that ethics received the most coverage in the auditing course. Cohen and Pant made no attempt to estimate the amount of time devoted to ethics coverage or the methods used to integrate ethics in the functional accounting courses. Also, the results of the Cohen and Pant study were based on the perceptions of accounting administrators rather than those of the faculty that were actually teaching the courses.

Thus, one of the objectives of this study was to expand the Cohen and Pant study by investigating the perceptions of accounting faculty about the coverage of ethics in their undergraduate accounting courses. A second objective was to identify the teaching methods currently being used to include ethics in the courses, to examine the perceived effectiveness of those methods, and to collect information about the amount of time being spent covering ethical issues. A third objective of this study was to identify the problems encountered by faculty who are including ethics in accounting courses as well as the reasons why other faculty do not cover ethics in their courses.

## The study

In order to address the objectives of this study, a questionnaire was developed and sent to a stratified random sample of accounting professors listed in the 1988 edition of Hasselback's *Accounting Faculty Directory*.<sup>2</sup> No attempt was made to define the term "ethics"; subjects were asked to indicate if they include any coverage of ethics in the courses they teach. A broad, non-restrictive definition of ethics was intended to include everything from teaching ethical decision making, to using cases and/or vignettes to illustrate ethical issues, to discussing the codes of conduct of various professional organizations.<sup>3</sup>

Of primary interest was the comparison of responses of faculty in the various teaching areas. Consequently, the sample was stratified into five teaching areas to insure an adequate response rate from five of the functional areas of accounting including financial, cost/managerial, auditing, tax and systems. The classification of teaching area was made by using the first teaching designation indicated in the *Accounting Faculty Directory*. While this is a subjective classification scheme, almost all of the respondents (89 percent) indicated that they taught at least one course in the classification area. Some subjective interpretation of classification area was used. For example, MIS was included in the systems classification. A random sample was taken from each of the stratified areas using a random number table. A total of 485 questionnaires was mailed to faculty at both AACSB and non-accredited schools. Of the 214 questionnaires returned, 202 were usable constituting a 41.6 percent response rate. Of the questionnaires mailed, 336 were mailed to faculty at AACSB accredited schools and 149 faculty were at non-AACSB-accredited schools. Table I provides information about questionnaires mailed. After a period of three weeks, a second mailing was made to faculty who had not responded. A total of 153 responses were received from the first mailing; an additional 49 were received after the second request was made. The "early/late hypothesis" was used as a basis to test for non-response bias.<sup>4</sup> A comparison of responses from the second mailing with a sample of responses from the original mailing indicated no significant differences implying a lack of nonresponse bias in the sample.<sup>5</sup>

The questionnaire was developed to collect infor-

TABLE I  
Characteristics of Respondents and Response Information

Teaching Area	Number Received	Percentage of Total Received	Questionnaires Mailed	Percentage Responding-Stratified Sample
Financial	79	39.1	210	37.6
Cost/Managerial	39	19.3	78	50.0
Auditing	25	12.4	58	43.1
Tax	36	17.8	81	44.4
Systems	23	11.4	58	39.7
<i>Total</i>	202	100.0	485	

  

Program Affiliation	Number Received	Percentage of Total	Questionnaires Mailed	Response Rate Percentage By Affiliation
AACSB Accredited	135	66.8	336	40.2
Non-AACSB Accredited	67	33.2	149	45.0

  

Professorial Rank	Number Received	Percentage of Total
Professor	65	32.2
Associate Professor	75	37.1
Assistant Professor	61	30.2
No response	1	0.5

mation to address the objectives of the study and some general information about the respondents. Demographic response information broken down by teaching area, program affiliation (AACSB accredited vs. nonaccredited), and professorial rank is presented in Table I. Information about rank and program affiliation was used to detect any difference in attitudes or actions at the various stages in academic status and in program affiliation.

The questionnaire focused on the coverage of ethics in functional accounting courses at the undergraduate level and did not examine ethics coverage in courses taken by accounting majors in other areas of business. Also, it did not focus on ethics coverage that might be gained through a separate accounting ethics course.

## Results

### *Present coverage and effectiveness*

Respondents were asked to identify the most appropriate place to expose undergraduate accounting students to ethics. Table II indicates that the majority of the respondents, regardless of rank or program affiliation, believed the most appropriate place to expose ethics to undergraduate accounting students is in one or more of the core accounting courses. Only 8.3 percent of the respondents felt that a separate accounting course was the most appropriate place to introduce ethics.

This result appears to be consistent with the findings of the 1972 Loeb and Bedingfield study that examined the role of ethics in accounting education.

TABLE II  
Coverage of Ethics

Questions:	Percentage Responding									
	All Respondents	Rank				Affiliation				
		Professor	Associate Professor	Assistant Professor		AACSB Accredited	Non-AACSB Accredited			
					X <sup>2</sup>	P			X <sup>2</sup>	P
(1) What do you believe to be the most appropriate place to expose undergraduate accounting students to ethics?										
In core accounting courses	50.0	58.0	49.5	40.6	4.62	0.09	49.8	49.3	0.02	0.88
In separate accounting ethics course	8.3	4.3	4.8	17.2	8.83	0.01	10.3	4.2	2.42	0.12
In separate business ethics course	30.5	27.5	33.7	29.7	1.15	0.56	27.6	36.6	1.71	0.19
Other	11.2*	10.2	12.0	12.5	0.24	0.88	12.3	9.9	0.52	0.47
(2) How do you feel about the present coverage of ethics in the accounting courses at your school?										
Mean (1 = needs more; 7 = needs less)	2.8	2.9	2.7	2.7	10.74	0.55	2.8	2.7	6.09	0.41
Standard deviation	1.3	1.4	1.3	1.3			1.4	1.4		
Percentage responding not adequate (3 or less on the scale)	69.2	69.2	66.7	72.1			69.6	68.6		
(3) Do you include any coverage of ethics in any course you teach?										
Yes	77.7	83.1	77.3	72.1	2.17	0.34	76.3	80.6	0.47	0.49
No	22.3	16.9	22.7	27.9			23.7	19.4		

+ Significant differences in responses were detected using chi-square ( $p = 0.05$ ).

\* Most of these respondents (14) indicated ethics should be incorporated throughout the curriculum, not just in the accounting courses. Four of the respondents felt that ethics should be left to family and earlier education.

They found very little support for a separate course in accounting ethics. This finding may indicate faculty members believe that ethics can be more successfully taught by integrating it within the various accounting courses. Also, adding another course to the accounting curriculum may not be feasible. Even with today's increased concern of the ethics issue, only a small percentage of the faculty surveyed believed that there should be a separate accounting ethics course. However, chi-square analysis did reveal that assistant professors were more likely to endorse a separate accounting ethics course.

No significant difference were detected among any of the other groups.

In order to determine the attitude of the respondents regarding the adequacy of the present coverage of ethics in the accounting courses at their own schools, we asked the respondents to rate the present coverage on a scale of one (needs more) to seven (needs less). Chi-square analysis did not produce any significant differences in the mean responses when analyzed by professorial rank or affiliation (Table II). Over 69 percent of the respondents felt there was a need for more coverage (3 or less on the scale) (Table

II). Over twenty-one percent (21.2%) of the respondents at non-AACSB accredited schools and 17.9 percent of the respondents from AACSB accredited schools marked the need for more coverage as a one (the greatest indication of a need for more ethics coverage). This perception by accounting faculty of the need for more ethics coverage in accounting courses supports a similar attitude of the accounting administrators responding to the Cohen and Pant study. The results of their study indicated significant integration of ethics in only the auditing courses. The accounting administrators seemed to feel that there was little ethics coverage in the other accounting courses.

Over 77 percent (157) of the respondents stated that they included some coverage of ethics in at least one course they teach (Table II) and almost 50 percent (49.7 percent) of these included ethics in two or more courses they teach. Chi-square analysis, however, did not detect any significant differences in any of the groups. It is encouraging to learn that a high percentage of accounting faculty are making some attempt to include some ethics coverage in the courses they teach. However, as indicated above, most respondents still felt that more coverage was needed.

One implication of this study is that the perception of need to include more ethics in undergraduate accounting courses is present. If accounting faculty feel more ethics coverage is warranted, this is then the first step toward improvement. Consciousness of a problem is necessary before a solution can be sought. This recognition of need then indicates a starting place. Activities by various accounting organizations i.e., AAA, AICPA, IMA, are continuing to stress the need for more ethics coverage in accounting education. Participation by accounting faculty in these activities should result in an increase in the coverage of ethics (as well as the available of materials) in the core accounting courses.

Communication may be a key to the problems of attitude toward covering ethics and methods that can be used. Communication between faculty and administrators could serve to simulate interest further. When a faculty member is including ethics in a course, this recognition and/or reward may then stimulate other faculty to include ethics or increase the coverage of ethics in their courses.

To address the second objective of the study, the

respondents were asked to indicate the methods they used to incorporate ethics into their accounting courses, the perceived effectiveness (1 not effective to 7 very effective) of each method used, and the amount of time spent covering ethics. Several of the more common teaching methods were listed in the questionnaire and respondents were asked to write in other methods used. Table III presents a summary of the various methods reported and the perceived effectiveness of those methods. The most commonly used method was lecture (91.1 percent of those including ethics) and the least used method was written vignettes (a short descriptive scenario). The Loeb and Bedingfield study (1972) also found the lecture method was the most commonly used method at that time. The reason for the popularity of the lecture method may be the relative ease in adding ethics dimensions to many types of discussions across a wide variety of accounting classes, and it can typically be done with less preparation or grading time than required for case and vignette assignments. The mean effectiveness of the lecture method was 4.83 (Table III), which is in line with the mean effectiveness of all of the other listed methods except the written case method.

The written case was deemed to be the most effective of the methods listed, with a mean of 5.45 (Table III). Over 84 percent of the respondents using this method rated its effectiveness as a five or above. However, it was used by only 48.4 percent of the respondents who included ethics. The code of ethics was the second most commonly used method; 53.5 percent of the respondents who include ethics reported using this method.

When the various methods of including ethics in the classroom were compared as to effectiveness, significant difference were found using a one-way analysis of variance. Subsequent multiple range tests indicated that the perceived effectiveness of the written case was significantly greater than the other methods.<sup>6</sup>

Table IV presents the means and standard deviations of the perceived effectiveness of the five listed teaching methods analyzed by program affiliation, professorial rank, and teaching area. The perceived effectiveness of methods written in by the respondents is not included because the respondents generally did not rate the effectiveness of those methods. Chi-square analysis did not detect any differences in

TABLE III  
Teaching Methods Used  
(By the 157 Respondents Including Ethics)

Teaching Method:	Number	Percentage	Respondents Using Method	
			Mean Effectiveness* (Standard Deviation)	Deemed Effective** (Very Effective)
Lecture	143	91.1	4.83 (1.33)	62.3% (12.6%)
Written Case	76	48.4	5.45 <sup>-</sup> (1.21)	84.1% (15.8%)
Written Vignettes	38	24.2	4.66 (1.66)	57.9% (7.9%)
Video Vignettes	47	29.9	4.85 (2.02)	61.7% (23.4%)
Code of Ethics	84	53.5	4.80 (1.66)	60.8% (17.9%)
Other <sup>1</sup>	20	12.8		

\* 1 = Not Effective

7 = Very Effective

\*\* 5 or above on a 7 point scale

(very effective = 7 on the scale)

<sup>-</sup> One-way ANOVA  $F = 2.85$   $p = 0.023$

The Duncan Multiple Range test indicates this mean is significantly different,  $p = 0.05$ .

<sup>1</sup> Some other methods listed included discussion of current articles, term papers, and debates. The effectiveness of these methods was generally not given.

the distribution of responses of the effectiveness of the methods by program affiliation or professorial rank. However, chi-square tests did indicate differences in the responses of effectiveness analyzed by teaching area.

As indicated above, the lecture method is used by a larger percentage of the respondents (Table III). It is also the most widely used method in each of the teaching areas. The perceived effectiveness of the lecture method appears consistent across all classification groups (affiliation, rank, teaching area). A one-way analysis of variance did not indicate any differences in the mean effectiveness scores of any of the groups (Table IV).

Although slightly less than half (48.4 percent) of the respondents including ethics used the written case method, they deemed it to be very effective. Five or above ratings for this method by teaching area ranged from 69.3 percent of the tax respondents to 100 percent of the cost/managerial respondents (Table IV). Forty percent of the cost/managerial respondents rated its effectiveness as a seven, the highest rating available. In addition, at least 90 percent of the systems and auditing professors rated this method at 5 or above on the scale. The mean

effectiveness was not significantly different when analyzed by teaching area.

Only 24 percent of the respondents who included ethics use the written vignette method. However, chi-square analysis indicated significant differences in the perceived effectiveness among the teaching areas of those using this method (Table IV). While 100 percent of the cost/managerial group rated this method as effective, only 25 percent of the tax group and 33.3 percent of the auditing group rated it effective (5 or more on the 7-point scale). One-way analysis of variance indicated a significant difference in the mean effectiveness and subsequent multiple range tests grouped auditing and tax together while placing financial, cost, and systems in a second group.<sup>7</sup> This result could be affected by the availability of materials as well as the nature of ethical problems that may arise. The development of ethics materials for auditing situations has tended to be the more lengthy, full-case type.

There was greater variability in the perceived effectiveness of video vignettes. Responses among the groups were significantly different (Table IV). While only 16.7 percent of the tax professors who use video vignettes thought the method was effec-

TABLE IV  
Perceived Effectiveness of Teaching Methods\*

	Teaching Methods				
	Lecture	Written Case	Written Vignettes	Video Vignettes	Code of Ethics
	Mean Responses* (Standard Deviation)				
<i>Type of Program:</i>					
Accredited	4.77 (1.29)	5.55 (1.14)	4.81 (1.51)	4.92 (2.04)	4.64 (1.77)
Non-accredited	4.94 (1.40)	5.19 (1.40)	3.83 (2.32)	4.50 (2.0)	5.10 (1.39)
<i>Rank:</i>					
Professor	4.84 (1.54)	5.81 (0.93)	5.21 <sup>-</sup> (1.36)	5.06 (2.18)	5.10 (1.44)
Associate Professor	4.86 (1.11)	5.35 (1.32)	4.43 (1.82)	4.75 (1.77)	4.39 (1.91)
Assistant Professor	4.75 (1.33)	5.26 (1.25)	4.22 (1.85)	4.93 (2.15)	4.80 (1.55)
<i>Teaching Area:</i>					
Financial	4.91 (1.52)	5.43 (1.00)	5.21 <sup>-</sup> (1.18)	4.47 <sup>-</sup> (2.06)	4.85 (1.89)
Cost/Managerial	4.72 (1.4)	6.00 (0.94)	5.60 <sup>-</sup> (0.55)	5.91 <sup>-</sup> (0.94)	4.64 (1.94)
Auditing	4.85 (1.18)	5.46 (1.50)	3.83 <sup>-</sup> (1.47)	5.40 <sup>-</sup> (1.77)	5.35 (0.98)
Tax	4.76 (1.15)	4.92 (1.60)	3.13 <sup>-</sup> (2.10)	2.17 <sup>-</sup> (1.94)	4.40 (1.88)
Systems	4.88 (1.145)	5.60 (0.96)	5.60 <sup>-</sup> (1.140)	5.80 <sup>-</sup> (1.30)	4.25 (1.03)

\* 7-point scale 1 = not effective 7 = highly effective

<sup>-</sup> significant differences in responses by the teaching areas were detected using Chi-square ( $p = 0.05$ ) and one-way ANOVA ( $p = 0.05$ ).

Percentage Of Respondents In Area Ranking The Effectiveness As a 5 Or Above On The Scale

Teaching Area	Teaching Methods				
	Lecture	Written Case	Written Vignettes	Video Vignettes	Code of Ethics
Financial	62.3%	80.0%	64.2%	40.0%	59.2%
Cost/Managerial	56.0	100.0	100.0	90.1	57.1
Auditing	60.0	92.3	33.3	80.0	75.0
Tax	65.5	69.3	25.0	16.7	59.9
Systems	68.8	90.0	80.0	80.0	37.5

tive, 90 percent of the cost/managerial, 80 percent of the auditing, and 80 percent of the systems professors using this method perceived it as effective (5 or above on the 7-point scale). The lack of availability of video vignettes for use in the tax area may help to explain the lack of use and the low perceived effectiveness of this method by the tax professors. Since video vignettes are considered effective by professors teaching in other areas, it would suggest that development of quality video materials for tax courses could prove helpful to the tax professors.

One-way analysis of variance with subsequent Duncan Range test showed the mean effectiveness perceived by the tax group to be different from the perceptions of those in the other teaching areas. The results are given in Table IV.

Eighty-seven percent of the respondents teaching auditing and including ethics used a code of ethics focus while only 44.4 percent of the respondents teaching systems and including ethics used this method. This result is reasonable because the AICPA Code Of Conduct addresses auditing issues more

directly than it does issues in the other areas. Also, of the respondents who included ethics, seventy-five percent of the respondents teaching auditing and using this method perceived it as effective (5 or above on the scale) while only 37.5 percent of the respondents teaching systems and using a code of ethics perceive it as effective (Table IV). However, one-way analysis of variance did not indicate any significant differences in mean effectiveness of the code of ethics among the teaching areas.

The results of this part of the study tend to provide some direction for the development of ethics material. The case method is perceived to be most effective but is not widely used. This implies at least two potential actions. First, education and information about the use of the case method should be increased. Many professors may be uncomfortable in using the case method in the classroom. Training sessions in proper use of the case method for faculty is indicated. This need has at least been partially recognized and is being addressed by several accounting organizations that have offered training sessions on use of the case method.

Second, these results may indicate an increased need for the development of more ethics cases. While there has been some activity in case development, it appears that considerable more effort is needed. Some recent efforts include the AICPA case development program, the Price Waterhouse Case Studies in Tax program, and the Arthur Andersen Business Ethics program. Two other methods that seem to have potential for development are written vignettes (very short cases) and video vignettes (short video situations). The cost/managerial respondents perceive these methods to be very effective. The Institute of Management Accountants (IMA) has developed a series of written and video vignettes in the cost/managerial area that have been widely used. Perhaps development of comparable materials for other areas would increase the use of these materials as well as the perceived effectiveness of these methods. One advantage of the use of vignettes over a longer case is that they can easily be inserted in the discussion of various topics during the semester. The time commitment is such that it does not take away from topic coverage of a course, it only enhances the coverage. Another potential would be to combine a code of ethics with short written or video vignettes.

Such a combination should work well in both tax and auditing.

#### *Time spent on ethics*

The respondents were also asked to indicate the approximate number of hours per semester spent covering ethical issues in their courses. The number of hours spent per course covering ethics ranged from one hour to nine hours with a mean of 3.18 hours (see Table V). There were no statistical differences between hours spent when analyzed by rank or affiliation; however, one-way analysis of variance did indicate a significant difference in the hours spent in the various courses. The follow up Duncan Range test indicated that the time spent in the auditing and systems courses were significantly different from the time spent in other courses. The respondents indicated they spend on average a little over 4 hours covering ethics in both the auditing and systems

TABLE V  
Time Devoted to Covering Ethics  
Average Time Spent in Hours Per Course  
(Mean Response)

All courses	3.1
Financial <sup>1</sup>	2.45
Cost/mgr.	2.7
Audit	4.54 <sup>+</sup>
Tax	2.35
Systems	4.25 <sup>-</sup>

<sup>1</sup> Includes Principles, Intermediate, Advanced

<sup>-</sup> Time spent in auditing and systems is significantly different from the other courses.

#### Adequacy of Time Devoted To Ethics

	Mean*	Inadequate**
Adequacy of time devoted to ethics in your course.	4.06	34.2%

\* 1 = totally inadequate

7 = highly adequate

\*\* 3 or less on the scale



courses (Table V). A majority of the respondents in the 1972 Loeb and Bedingfield study indicated that three hours or less was spent on ethics in the auditing class. Separate, identifiable coverage of ethics in principles, intermediate, cost, and advanced accounting was almost nonexistent at that time.

Although this study is not generally comparable to the Loeb and Bedingfield study, it appears that some improvement has been made in exposing accounting students to ethics. A majority of the respondents in the present study included ethics and it appears that average time spent is over three hours. Perhaps this coverage of ethics is a result of increased awareness of the need to cover ethics by the faculty. Increased availability of ethics materials supplied by programs such as The American Accounting Association and the IMA's "Ethics at Work" series which includes videos that can be used in the classroom may have helped.

The respondents to our questionnaires were asked to indicate if they felt that the time devoted to ethics in the courses in which they included ethics is adequate. The scale for this question was one (totally inadequate) to seven (highly adequate) (Table V). The mean response of 4.06 indicated that the respondents believed the time spent on ethics is reasonable. Only 34.2 percent of the respondents indicated that the coverage (3 or less on the 7-point scale) was inadequate. Chi-square analyses did not indicate any differences among the respondents on this issue when viewed by rank, teaching area, or program affiliation.

The mean ranking of adequacy of ethics in the respondent's courses appears to be somewhat contradictory to the responses about the adequacy of ethics at the respondents' institutions (most felt the time spent was inadequate). This may indicate that the respondents feel they do a better job than their colleagues in covering ethics. This attitude may indicate that there is a better coverage of ethics in the accounting courses than is perceived.

While the average time spent covering ethics is about 3 hours per course, the range of time spent in tax of 2.35 hours to 4.54 hours spent in systems indicates there is room for improvement. These results suggest that professors that teach tax, cost/managerial, and financial may need to make an effort to spend more time dealing with ethical issues.

One could seriously question the time spent in all courses, especially those where less than three hours a semester is devoted to ethics topics. An awareness of the need for more coverage along with training and material should increase the time devoted to such topics. Also, with the renewed national interest (focus) on *teaching* in universities, a reshaping of the reward structure (more credit given for effective and innovative teaching) could significantly improve the coverage of ethics.

#### *Problems and incentives*

The respondents who included ethics in their courses were asked to enumerate their most significant problems of including ethics in the courses. The respondents ranked the problems in order of significance from one to four, with one being the greatest problem (Table VI). Not surprisingly time was ranked as the number one obstacle with 76 respondents ranking it as the number one problem. Materials not available was ranked number one by 46 of the respondents. Course not appropriate, and the reward structure were the least significant of the problems given.

The questionnaire also asked for reasons why some accounting professors chose not to include ethics in their accounting courses. As Table II indicates, forty-five respondents or 22.3 percent do not include ethics specifically in the accounting courses they teach. Table VI gives the rankings of the reasons provided as to why these respondents do not include ethics. Time and appropriate materials not available were the number one reasons for not including any ethics materials in their courses. All of the respondents, regardless of whether they include ethics materials in their courses, tend to agree that the two most significant problems of including ethics in the undergraduate accounting courses are time and appropriate material not available.

While this finding is not surprising, it does provide a direction to increasing ethics coverage. The problem of appropriate material not available can easily be solved and, in fact, the problem is being addressed by several accounting organizations and accounting firms. The AAA, the IMA, and the American Institute of Certified Public Accountants

TABLE VI  
Problems in Including Ethics

Problem	Respondents That Do Include Ethics	Respondents That Do Not Include Ethics	
	Respondents Ranking As Number 1 Problem	Problem	Respondents Ranking As Number 1 Problem
Time	76	Time	17
Appropriate Material not Available	46	Appropriate Material not Available	17
Course not Appropriate	16	Course not Appropriate	5
Rewards	4	Rewards	4

(AICPA), have programs designed to help develop and supply ethics materials to accounting faculty. These programs include the IMA "Ethics at Work" series and the AAA's "Professionalism and Ethics" seminars. Arthur Andersen & Company has also been active in the development of ethics materials for classroom use. The problem of time to include ethics materials may best be addressed with education and training for faculty. Increasing the awareness of the need for ethics coverage along with training faculty to use techniques that integrate ethics with the topical material could increase ethics coverage. Integrating ethics with topical coverage enhances the material coverage and brings a new dimension to the various accounting topics.

The respondents were asked about the environment at their respective institutions. The first question in this group asked whether the department, school, or college encouraged the coverage of ethics in accounting courses (See Table VII). Only 35.2 percent of the respondents stated that their department, school, or college, etc., encourages (5 or above on the scale) the inclusion of ethics in their accounting courses. There were no significant differences between the means when grouped by type of program or rank. This information indicates that accounting faculty believe that there is little encouragement to include ethics in their courses.

The second question in this group dealt with the reward structure (Table VII). The respondents were asked to indicate, on a scale of one (not rewarded) to seven (highly rewarded), if they were given any rewards (salary, promotion, and/or tenure) for incor-

porating ethics in their accounting courses. The mean (standard deviation) response was 1.31 (.88). Over 95 percent (95.5) of all respondents said there were little reward (3 or less on the 7-point scale) while 75.7 percent marked the lowest possible response (one). When analyzed by type of program, the mean ranking for rewards was significantly lower for non-AACSB-accredited programs. No significant difference in means was detected between professorial rank.

According to the Cohen and Pant (1989) study, on a similar scale, the mean ranking (standard deviation) of the reward structure was 1.9 (1.2). It is interesting to note that the faculty's ranking of rewards for including ethics in their accounting courses is even lower than that of accounting administrators. This lack of encouragement from administrator and failure to include in the reward structure are two additional areas that can be addressed. It is necessary to increase awareness of the need for ethics coverage at the administration level. As indicated earlier, revising the reward structure to emphasize the necessity for improving teaching would also help improve the coverage of ethics.

A third question asked the respondents to indicate if they believed that they were qualified to incorporate ethics in their accounting courses. The responses were marked on a scale of one (not qualified) to seven (highly qualified) (Table VII). Almost 60 percent (59.8%) of the respondents believed that they are qualified (5 or above on the scale) to incorporate ethics in their courses. The mean (standard deviation) of all responses was 4.84 (1.6). These responses

TABLE VII  
Incentives to Include Ethics

Question:	Encouraged**	Mean (Standard Deviation)					
		Overall Mean	Type of Program		Rank		
			Accredited	Nonaccredited	Professor	Associate Professor	Assistant Professor
(1) Does your department or college encourage the coverage of ethics in the accounting courses?	35.2%	3.82* (1.84)	3.85 (1.79)	3.76 (1.96)	3.68 (1.88)	3.86 (1.71)	3.98 (1.95)
* 1 – does not encourage 7 – greatly encourage ** 5 or above on the scale							
Not Rewarded <sup>-</sup>							
(2) Are you given any rewards (salary, promotion, and/or tenures) for incorporating ethics in your accounting course?	95.5%	1.31 <sup>-</sup> (0.88)	1.39 (0.98)	1.13 (0.57) <sup>1</sup>	1.38 (1.13)	1.20 (0.59)	1.36 (0.87)
- 1 – not rewarded 7 – highly rewarded +- 3 or less on the scale							
Qualified <sup>@@</sup>							
(3) Do you feel you are qualified to incorporate ethics in your accounting courses?	59.8%	4.84 <sup>@</sup> (1.6)	4.64 (1.66)	5.24 (1.40) <sup>1</sup>	5.25 (1.48)	4.65 (1.63)	4.64 (1.64) <sup>1</sup>
@ 1 – not qualified 7 – highly qualified @@ 5 or above on the scale							

<sup>1</sup> Significant difference in response using one-way ANOVA ( $p = 0.05$ ).

were quite similar to the responses of accounting administrators reported by Cohen and Pant (mean 5.0 and standard deviation 1.2). Both accounting administrators and accounting faculty appear to believe that accounting faculty are qualified to include a coverage of ethics in their accounting classes. One-way analysis of variance also indicates that professors, in general, feel more qualified to teach ethics as do faculty at the non-AACSB accredited schools (Table VII).

The responses to these three questions dealing with the educational environment indicated that

accounting faculty believe that they are qualified to incorporate a coverage of ethics in their courses. However, accounting faculty do not believe that there is much encouragement from their departments, schools, or colleges to do so. As discussed earlier, additional training could help faculty to be more comfortable in presenting ethical issues.

### Conclusions

As a result of recent suggestions by the Bedford

Committee and other organizations that academe play a greater role in the ethics training of accounting professionals, this paper examined the current state of affairs as to what is really being done in the accounting courses. One objective of the study was to examine the perceptions of accounting faculty toward ethics coverage in the undergraduate curriculum. Accounting faculty tend to believe the most appropriate place to cover ethics is in the core accounting courses. Although over 77% of the faculty do include ethics in their courses, two thirds feel that more coverage is needed.

Another objective of the paper was to examine methods that are currently being used in the classroom to introduce students to ethical considerations and the perceived effectiveness of these methods. It was discovered that lecture was the most commonly used method (no change in the popularity of this method since 1972). The written case was perceived to be the most effective method, although it is not as widely used as the lecture method.

The third objective of the paper was to examine problems of including ethics in the various courses as well as problems encountered by those faculty who do not include ethics in their courses. The ranking of the problems encountered by those faculty who included ethics and those who do not are almost identical. Lack of time and availability of materials were the most common problems.

The problem of availability of materials can be solved and is being addressed at this time by various organizations — the IMA with their “Ethics at Work” video series; the AAA with its Professionalism and Ethics seminars; and Arthur Anderson & Co. with its ethics program. In addition, accounting professors can help to add to the supply of available material by developing cases and vignettes and sharing these with other faculty. Perhaps the educational innovations that arise from the activities of the Accounting Change Commission will provide accounting faculty with additional time in their courses so that more coverage of ethical issues can be included.

With regard to adequacy of ethics coverage in accounting courses, there seems to be a general consensus that there is a need for more ethics coverage in the accounting courses. However, there appears to be very little encouragement or incentives from administrators to include such topics.

## Notes

<sup>1</sup> The Ethics Resource Center, Inc., Washington, D.C., is a private, nonprofit, organization that conducts research, develops curricula, advises organizations and aids in the development of ethics policies and programs.

<sup>2</sup> Hasselback's *Accounting Faculty Directory* contains the most complete listing of college and university faculty currently available.

<sup>3</sup> In pretesting the instrument the respondents did not indicate any difficulty in not having a definition of ethics given.

<sup>4</sup> The “early/late hypothesis” suggest that late respondent are similar to non-respondents. See Buzby and Falk, 1979, pp. 27–28 and Oppenheim, 1966, pp. 34–36, for more discussion.

<sup>5</sup> Chi-square was used to compare a sample of the responses from the first mailing with the responses from the second mailing. Also, one-way analysis of variance was used to compare the mean responses of the two groups.

<sup>6</sup> The Duncan Multiple Range Test was used to indicate homogeneous subsets. The written case method was grouped separately from the other methods.

<sup>7</sup> Duncan Multiple Range Test was again used to indicate which means grouped together.

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