

Accounting Student Views on Ethics

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Ethics is part of the continuing assessment efforts at most schools, and has been a part of business and accounting education accreditation standards for quite some time. One means of improving ethics education is to better understand the ethical views of our students. The purpose of this survey study is to better understand the views of accounting students regarding several aspects of ethics and the perceived ethical standards of various groups. In addition to their attitudes towards ethics, we are also interested in determining some of the stronger influences in students' lives related to ethics and ethics education.

INTRODUCTION

Corporate failures and audit failures have made ethical standards an increasingly important aspect of the profession of accounting. The American Institute of CPAs has a Code of Conduct and individual states also have established ethical standards. After successful completion of the CPA exam, most states require the completion of an Ethics Exam before a candidate can be certified. Some states, such as Texas, now require a three credit hour pre-approved university course in ethics as part of the educational requirements to sit the Exam. Most states also require a minimum number of continuing education hours in ethics for each continuing education reporting period. Continuing education in ethics is available both live and in on-line formats.

Both the AICPA and individual states support ethical standards through enforcement actions. These actions may result in termination of certification or membership. This increased emphasis on ethics has also led to increased efforts by colleges and universities to provide meaningful educational experiences in ethics to their students. The objective of this study is to better understand how student ethical views are influenced, what views students might possess prior to ethics training and what methods of education and training students believe might be more effective.

LITERATURE REVIEW

Many papers have been written and studies conducted assessing the state of ethics education in business schools in the last twenty years. Arlow (1991), for example, surveyed 138 college students and

found that business students were no less ethical than non-business students, females were more ethical than males and that age was negatively related to respondent's Machiavellian orientation. Consistent with Arlow (1991), David and Welton (1991) detect an ethics maturation process from students' initial exposure to business courses through the graduate level.

Ameen et al. (1996) focus specifically on accounting majors and consistent with Arlow (1991) found that females were less tolerant than males when questioned about academic misconduct. Females were also found to be less cynical and less often involved in academic dishonesty. Also focusing on accounting majors, McCarthy (1997) found no significant difference in the Index of Ethical Congruence (IEC) scores between students who had been exposed to the AICPA Code of Conduct or who had taken a course in ethics and accounting students who had not. Interestingly, students who had attended AACSB accredited colleges exhibited significantly higher IEC scores.

Borkowski and Ugras' (1998) meta-analysis support the findings in the previous studies mentioned. Results indicate that female students tend to be more ethical than male, older students tend to be more ethical than younger students and that it was difficult to substantiate a significant difference in ethical attitudes among undergraduate majors.

In a more recent study of accounting practitioners and a sample of multidisciplinary students Emerson et al. (2007) found no significant differences in responses to ethically charged vignettes. However, practitioners did appear to be more accepting of vignettes that involved physical harm to individuals and those that were legal, but ethically questionable, than were students. This could indicate that practitioners may be guided by a legalistic framework. It also brings into question what happens to ethical maturation once students graduate.

In a paper that addresses the development of accounting ethics courses Massey and Hise (2009) suggest that a logical first step toward ethical behavior is ethical perception. However our review found few studies that have focused on student views on ethics and ethics training. Even fewer studies have examined accounting students' views specifically. This study attempts to address that issue and investigates several aspects of students' perceptions relating to ethics and ethics training through the implementation of a survey.

STUDY DESIGN

The purpose of the study was to solicit accounting student views relating to various aspects of ethics. The questionnaires were administered in class at the three schools where the authors are employed. A total of 174 responses were received. The responses from Lamar were the largest since it is the largest of the three schools. Percent response by school was:

Lamar	68%
Stetson	20
Baldwin Wallace	12

The questionnaires were administered in accounting classes at both the undergraduate and graduate level. The respondents by group were:

Undergraduate accounting major	83%
Undergraduate non-accounting majors	4
Masters of accountancy	7
MBA	6

The ethical views solicited from students related to the following:

- a. Who do students believe have the most significant impact on ethics development?
- b. How do students view the ethics of various professions?
- a. What do students believe is the impact of the level of education and student's major on ethics?
- c. Does the size of a CPA firm affect the perception of the firm's ethical standards?
- a. What are the student's perception of ethical standards regarding types and level of employment?
- b. What are student's perceptions regarding the effectiveness of various approaches to ensuring ethical behavior by professionals?
- d. What approaches do students believe are most effective in ethics training?

RESULTS

Influence on Student Ethics

The first question sought to determine the student views on who most affected their ethical development. The results are shown in Table 1.

TABLE 1
GROUPS IMPACT ON PERSONAL ETHICAL STANDARDS

Parents	9.2
Self-evaluation and introspection	8.7
Clergy/church	6.9
Other relatives	6.7
College professors	6.4
Peers	6.1
High school teachers	6.0
Elementary school teachers	5.2

As expected, parents were the most influential group followed by self-evaluation and introspection. Clergy and relatives were next in influence, although they appear to be significantly less than parents and self. Teachers did not rank as high as the previous groups but students viewed teachers as being more influential as they progressed through their education, with college professors being most influential. Peers appeared to have about the same influence as high school and college teachers. It might have been expected that peers would have a bigger influence, especially with all the attention to "peer pressure". It would be interesting to investigate the impact of different peer groups to see if there are significant differences.

Views of Ethics by Profession

The next question looked at a group of selected professions and solicited student's views regarding the level of ethical standards in each profession. The list was selected by the authors and was limited in an effort to keep the questionnaire length reasonable. The results of the question are shown in Table 2.

TABLE 2
ETHICS BY PROFESSION

Accountants	8.5
Clergy	8.5
College professors	8.0
Medical doctors	8.0
Elementary school teachers	7.3
High school teachers	7.1
Lawyers	6.1

It is interesting to note that accountants and clergy were viewed as the most ethical, and they were tied. This result is likely bias because the respondents were accounting majors. Accountants were viewed as more ethical than medical doctors although the difference may not be statistically significant. It is interesting that the accounting scandals of the late 20th and early 21st century do not seem to have tarnished students' perception of the accounting profession's ethical standards, particularly since it is this generation of accounting majors who would have been heavily exposed to such scandals. Professors were viewed as more ethical than elementary or high school teachers. This could explain why, as seen in Table 1, professors have a greater influence on development of ethical standards than other teachers. In future studies it would be interesting to solicit student views of professors from difference subject areas or colleges within a university.

As might be expected, lawyers were viewed as least ethical. Including more professions would be of interest for future studies.

Views of Ethics of Student Groups

Next we looked at the perception of the respondents on the ethics of various student groups. The results are presented in Table 3. The first groups were undergraduate vs. graduate students. Even though the majority of the respondents were undergraduates, they still perceived graduate students as having higher ethical standards. This would seem to suggest that ethical standards are perceived to be enhanced by additional education. This is evidenced by our responses to educational groups as presented in Table 4.

We next looked at perceptions relating to business students vs. liberal arts students. The respondents viewed business students as being more ethical than arts and science students. Again there is likely a bias in the results since all respondents were business majors.

TABLE 3
VARIOUS STUDENT GROUPS

Graduate students	7.9
Undergraduate students	6.2
Accounting majors	8.2
Finance majors	7.6
Business students	7.1
Management majors	7.0
General business majors	6.8
Arts and science students	6.5
Marketing majors	6.5

Perceptions regarding various business majors were studied next. As would be expected, the respondents viewed their own major, accounting, as the most ethical. Finance majors were ranked next,

followed by management and general business. Marketing majors were perceived as having the lowest level of ethics, though probably not significantly below general business majors.

Ethics and Levels of Education

The next grouping tested was the level of education. The results are presented in Table 4. The results show that there is a strong belief that the level of education affects one's ethical standards. Individuals without a high school education were viewed as having significantly lower ethical standards than an individual with an advance degree. Respondents viewed each step in the educational process as enhancing an individual's ethics.

**TABLE 4
LEVEL OF EDUCATION**

Advance degree graduates	8.1
College graduates	7.3
High School graduates	5.9
Individuals without a high school degree	4.6

Ethical Standards and Religion

We were interested to know whether religion affected the respondent's views of ethics. The responses are shown in Table 5. Our expectation was that the respondents would view individuals who are actively involved in a religion as more ethical than those who are not.

The results indicate that the respondents did in fact view religious activity as having a positive impact on the development of ethical standards. Individuals who attended church regularly were seen as significantly more ethical than those who never attended a service.

**TABLE 5
RELIGIOUS ACTIVITY**

Individuals who attend religious services:	
Regularly	7.5
Occasionally	6.8
Rarely	5.9
Never	5.2

Ethical Standards by Business Group

Does the level of a position in a business organization affect how ethical standards are viewed? We asked respondent to evaluate the ethical standards of various employment groups from blue collar employees to the CEO and Board of Directors. The results are summarized in Table 6.

**TABLE 6
BUSINESS EMPLOYEE GROUPS**

Board of Directors	7.4
Middle management	7.3
Chief executive officer	7.2
Upper management	7.0
Secretarial/administrative employees	6.6
Lower level management	6.5
Blue collar employees	6.5

The results were somewhat mixed. Blue collar, secretarial and lower level management were viewed as very close in the respondent's perception of their ethical standards. Middle management through the Board of Directors were also very similar but ranked higher than the previous groups. The Board of Directors were viewed as most ethical but the difference with the other groups of middle management and above does not appear to be significant. One might have expected that the CEO would be rated lower given all of the publicity in recent years about mismanagement and corruption by CEOs. Evidently the respondents viewed the CEO turmoil as isolated to only a few individuals and not really representative of the group as a whole.

Ethics and CPAs

We were interested in how the accounting students viewed CPAs and CPA firms. We asked two sets of questions soliciting views on ethics regarding the impact of the size of the CPA firm and the position in the firm. A question was also presented regarding views on CPAs in different types of employment. The questions and responses are summarized in Table 7.

While small CPA firms were viewed as slightly more ethical, there does not appear to be a significant difference in the scores. The size of the firm does not appear to have a bearing on how their ethical standards are viewed.¹

TABLE 7
CPAs

Size of CPA firm:	
Small	7.9
Regional	7.8
National	7.7
International	7.8
Position in CPA firm:	
New staff	7.7
Seniors	7.8
Managers	7.6
Partners	7.7
Type of employing organization:	
Not for profit	8.2
Public accounting	8.1
Government	7.7
Industry	7.5

Similarly, there were not significant differences between the positions held within a CPA firm. With the type of organization, the respondents viewed CPAs in not-for-profit organizations as most ethical but essentially the same as those in public practice. Industry and government were viewed as slightly less ethical.

With all of the emphasis in the profession on professional ethics, including Codes of Conduct, ethics exams and required continuing education, one might be surprised that the scores were not closer to 10. Given that the respondents were a bias group, accounting students, higher scores might be expected. Future studies including other students could have interesting results.

Developing Ethical Standards

The last area examined was the effectiveness of various approaches to the development or enhancement of ethical standards among those in the profession. We have codes of conduct, testing, continuing education and enforcement actions but are they effective in promoting the profession's ethics? We ask students to evaluate the effectiveness of each of these and the results are in Table 8.

The students thought that the least effective approach was a required ethics exam, which most states now have. Enforcement actions were viewed as the most effective followed closely by a code of conduct and continuing education in ethics. Overall, it appears that the students think the current approaches to enhancement of professional ethics are effective.

TABLE 8
DEVELOPING ETHICAL STANDARDS

Enforcement actions	8.3
Professional code of conduct	7.8
Required continuing education - general	7.0
- ethics	7.7
Required exam in ethics	6.7

The AACSB standards require that we cover ethics in our curriculum. We asked the students if they thought ethics could be effectively taught in the classroom. A strong majority, 78%, indicated yes. The question then becomes how can schools effectively teach ethics? We presented various alternatives to the students and ask that students evaluate their effectiveness. The approaches and responses are presented in Table 9.

TABLE 9
APPROACHES TO TEACHING ETHICS

Study actual cases relating ethics enforcement actions	8.1
Discuss hypothetical case scenarios relating to ethics	7.7
Promote benefits of ethical behavior	7.7
Have practitioners discuss ethics in classes	7.3
Including ethical instruction in every accounting course	7.3
Have a separate course on ethics	7.2
Learning the AICPA and/or state Codes of Conduct	6.6

The respondents thought the most effective approach was to look at enforcement cases; learning from the mistakes of others. The thought of studying Codes of Conduct was least effective. However, this raises a question as to how will you know what is required or prohibited under the code unless you have studied it? Looking at enforcement cases would be interesting but are there cases that cover all of the items in the code? There may also be a problem with easy access to the cases. Such cases are not normally included in texts. It is easy to cover ethics in each course because most of the current texts include discussions or questions and cases on ethics. Given budget constraints and the shortage of accounting faculty, it would be difficult for schools to offer a separate course on professional ethics, although some states such as Texas now require a three hour college credit course.

CONCLUSIONS

This was a pilot study using accounting students at the schools where the authors teach. The purpose of the study was to solicit the view of students regarding various issues relating to professional ethics.

The results show that a student's ethics are most influenced by parents and introspection. Our biased group thought accountants were the most ethical profession of those tested. They also thought that accounting was more ethical than other majors in the college of business. The results indicate that ethics improves with education and religious activities. Students viewed upper management as more ethical than lower positions in a business organization. Respondents did not think the size of a CPA firm or the position in a firm affected their view of ethics. They thought enforcement actions were most effective in enhancing ethics and that ethics could effectively be taught in college. Case material was thought as the most effective way to teach ethics.

Future research might exam the difference in responses between gender, graduate vs. undergraduate students and whether students have taken a separate ethics course. It might also be interesting to engage in a longitudinal study following the same students through their studies.

ENDNOTES

¹ Interestingly, Eynon et al. (1997) found that small firm practitioners actually exhibited lower moral reasoning abilities than expected for professionals.

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