

IMPROVEMENT IN ACCOUNTING STUDENTS' PERCEPTION AND JUDGMENT ON ETHICAL ISSUES AS THEY PROGRESS THROUGH THE ACCOUNTING CURRICULUM

Angeline Kornelus, College of Business Administration, California State Polytechnic University Pomona, 3801 W. Temple Avenue, Pomona, CA 91768, 909-869-2131, akornelus@cpp.edu
Anwar Salimi, College of Business Administration, California State Polytechnic University Pomona, 3801 W. Temple Avenue, Pomona, CA 91768, 909-869-2383, aysalimi@cpp.edu
Ahmed Abo-Hebeish, College of Business Administration, California State Polytechnic University Pomona, 3801 W. Temple Avenue, Pomona, CA 91768, 909-869-2382, amabohebeish@cpp.edu

ABSTRACT

Since more than two decades ago, there have been studies and research conducted regarding the importance of ethics education in accounting curricula. These studies have surveyed the opinions of business and accounting professionals, faculty members, and students about whether ethics education should be incorporated into the accounting curriculum, and to find out how ethics education can be taught effectively. These studies indicate that business professionals and students think that there was not enough ethics education in the accounting curriculum and there is a need to increase students' ethical perception through ethics education in the accounting curriculum, especially after a series of accounting scandals and fraud cases including the Enron and WorldCom and the resulting demise of Arthur Andersen, LLP. Business and accounting professionals believe that ethics education helps graduates make ethical decisions in business settings, even though graduates' ethical perception and judgment may change later on due to company socialization (Fisher, et al., 2005), (Shawver, 2006), (IFAC, 2006), (Breux, et al., 2010).

MacLean and Litzky (2003) state that "less than 25% of the top 50 business schools require a stand-alone ethics course". Willen (2004) mentions that only 33% of accredited business schools require an ethics course (Breux, et al., 2010). There has been increasing demand from business and accounting professionals to have a stand-alone ethics course. More business and accounting schools have responded to this demand by offering a stand-alone accounting course and made it a part of the accounting curriculum, even though in many cases the stand-alone accounting course is not a required course for accounting students but rather an elective course.

There has also been widespread discussion in the accounting literature about the need to incorporate ethics education throughout the curriculum and the most effective method to teach ethics. Due to time and resources limitation in accounting curriculum, ethics education has not been incorporated into each accounting class in the accounting curriculum (reference). Instead, ethics education is incorporated into some core and elective classes that undergraduate accounting students may take. These courses attempt to develop students' moral reasoning and improve their ethical judgment.

Some studies "have indicated that education is to be a force for development of higher levels of moral reasoning" (Frank, et al., 2010). However, research by Mayhew and Murphy (2008) suggests that "ethics education does not necessarily result in internalized ethical values." Graduates may choose not to engage in unethical behavior because they are afraid of the consequences, such as penalties and professional license suspension, that result from violating code of conducts and professional ethical standards.

The primary objective of the present research is not to test what students' motivation is for adhering to ethical standards. This study instead tests if there is significant improvement in accounting students' ethical perception and judgment as they progress through the accounting curriculum. This includes testing students' ethical judgment as they progress from lower division to upper division courses. The study also examines whether taking a stand alone accounting ethics course at the upper division level improves students' ethical perception.

The present study uses a series of questions to test students on their ethical awareness and judgment. The test consists of fourteen short business scenarios that accountants typically face on a daily basis. The test was given to three groups of undergraduate accounting students in different level of the accounting curriculum at a large state university in California. These three groups are (1) ACC 304 (Intro to Accounting Information Systems) students who are in their junior year and this is their first upper division accounting course; have not taken any other accounting course that teaches ethics, but will get some exposure to ethical awareness in the class; (2) ACC 419 (Auditing Theory) students who are in their senior year, have taken the ACC 304 course, and will learn more about ethics in this introductory auditing class, (3) ACC 421 (Accounting Ethics) students who are in their senior year and are about to graduate, have taken ACC 304 and ACC 419 courses, and will learn more about ethics in this stand-alone accounting ethics course. In ACC 304, students receive some exposure to internal control and ethical scenarios. In ACC 419, students learn about auditing theory, procedures and techniques, and professional responsibilities and ethics of auditors. In ACC 421, students learn about the importance of ethics in accounting practice, frameworks for ethical decision making and professional codes of ethics in accounting through current and classic ethical cases (Cal Poly Pomona Catalog, 2014).

The test results from each group were tabulated based on correct or wrong answers for each question. The correct answers were determined in the test instrument based on Institute of Management Accountants' ethical principles and standards of ethical practice. Using statistical analysis, the study first examines if there is a significant difference in the number of correct answers by students in ACC 304 and ACC 419. Second, the study compares if there is a significant difference in correct answers by students in ACC 304 and ACC 421. Lastly, the study compares if there is significant difference in ACC 419 and ACC 421 students' ethical perception and judgment based on the comparative percentage of the correct answers using statistical analysis. Significant difference in the comparative percentage of correct answers indicates that certain groups of students have better ethical perception and judgment compared to the other groups of students in the study.