

Ethical Decision Making by Students: Evidence from Case Study

Simeon O. Okpechi

Professor of Accounting
Department of Business Administration
Southern University at New Orleans
United State

Samuel O. Eweni

Associate Professor
Computer Information Systems Department
Southern University at New Orleans
United State

Abstract

This study provides the results of an in-class ethics case study in which 54 students examined various aspects of ethics. Most students satisfactorily identified ethics principles imbedded in the case, the relevant stakeholders, violation of certain ethics principles and what informed their decisions by matching their own ethics orientations.

Keywords: *Ethics, decisions, morality, stakeholders, froud, conseqinces, busines*

Introduction

We live in a world that is surrounded by commerce. Commerce is carried out by managers in enterprises that are located at the international, national, state, local, and even family levels. At any of the aforementioned levels, commerce presents managers with ethical challenges. Businessstudents,when they graduate, are expected to understand ethical issues and to behave ethically when making business decisions. Given the outcry of unethical practices and the collapse of large businesses due to unethical practices, most business schools have ethics in their curriculums.

Some universities elect to teach ethics in a number of its graduate and under- graduate courses rather than have a stand- alone ethics course. Southern University at New Orleans (SUNO) elected to teach ethics in a number of courses in the College of Business including “Introduction to Financial Accounting”. This decision was informed by the adoption of ethics as one the five standards submitted to AACSB’s AccreditationCommittee. The textbook used in the course provided relevant and practical ethics cases.At a minimum, the cases provide students with familiar business settings, environment, and decision-related conflicts similar to what they might encounter in the real world. Various shades of opinions or principles were freely expressed during class or group discussions as attempts were made to identify the consequences of unethical decisions on individuals, groups of individuals, institutions, society, and the economy at large.

Purpose of the Study

The primary objectives of the study were:

- a. To assess how satisfactorily the students would identify ethical issues in the case study.
- b. To assess whether the students would recognize the relevant stakeholders and how they might have been affected.
- c. To assess how the students would resolve the moral conflict if they were the ones involved in the decision making.
- d. To identify the ethical principles that informed their decisions.

Literature Review

The Importance of Ethics in Business Decisions

In the last 30 years, the field of ethics has expanded dramatically. In the accounting field, the study of ethics has expanded more dramatically than in other areas of business because of financial scandals in the last ten years. For example, there were 3,469 journal articles on ethics dating back to 1940: 1771 books and 1404 magazine articles in CPA Review journals all over USA (Questia Library, 2011). Ethics are important to any business because they engender trust and customer confidence. When people make unethical decisions that benefit themselves only, such decisions lead to some unimaginable consequences to those who had direct or indirect financial interests in the company they served. More importantly, when professionals like certified public accountants or medical doctors make unethical decisions, severe consequences occur because both professions often are privy to sensitive information about their clients (Weed, 2011). Because these professionals possess vital pieces of information about their clients, they wield a lot of power and authority over them. In various professional codes of conduct, unethical behaviors are spelt out as well as the consequential punishments (American Institute of Certified Public Accountants, Institute of Internal Auditors, American Medical Association, Institute of Management Accountants, etc.). Unethical professional actions usually betray the trust in and respect for the professions. There may be some legal remedies available to the clients in the form of monetary compensation, but, damages caused by unethical behaviors are usually irreparable because they lead to lower social and professional prestige. Therefore, a culture of sound ethical behavior is a necessary prerequisite for building trust and in providing value-added services as the bedrock for professionalism (Charles, Ellen, and Wolitzer, 1999).

General and Specific Ethical Perspectives

It is generally believed that every society has some norms that dictate what it considers right or wrong, fair, or unfair, ethical or unethical. Such norms are often embedded in societal laws and justice systems. This perspective may be referred to as the socio-political perspective. Some societies establish regulatory authorities to ensure that norms are maintained, and violations are promptly brought to light and punished. The other perspective is the professional ethics standards to which members of the profession must adhere and be held accountable. Professional codes of conduct are therefore established to regulate behaviors of members and to hold them accountable for violating codes of conduct. These two perspectives are very important in understanding the importance of ethics in business dealings and in teaching business ethics.

Socio-political perspective focuses on principles of liberty, equality, and distributive social justice. Liberty means freedom to act within societal norms not outside of it by members of a society. The principle of equality requires that citizens should have equal access to generally available services such as health care. Distributive social justice (Beauchamp and Childress, 1908) suggests that those who can afford certain services should help to fund such services so that less privileged citizens can be helped to enjoy such services. Affordable health care system is one that is often referred to in this type of argument. The concept of affordable healthcare does not mean free service to those who cannot afford it. Healthcare is affordable when those who are not privileged are helped to have access to it. Effective allocation of resources for the general good of society would require redistribution of health care resources. This is the argument. Under distributive social justice principle, affordable health care for every citizen is a right, not a privilege. Some who hold a contrary view argue that distributive justice amounts to rationing of services and that it is a form of coercion by government.

Furthermore, they argue that distributive justice seeks to substitute group ethics for medical doctors' traditional patient-centered ethics.

The Accounting Professions' Ethics Perspective

Accounting professional bodies expect their members to maintain a higher level of self-discipline, integrity, objectivity, confidentiality, and independence beyond that required of other members of the society. For example, some accountants, Sack (1991) and Esmond-Kiger (2000), had advocated making ethics a "pervasive component" of education curriculum for accounting students. Both authors argue that ethics should be taught to students as they begin their careers so that they could internalize ethical principles of integrity and honesty. The principle of integrity and honesty requires that an auditor does not cover up fraud committed by a chief executive for fear of losing the client. Similarly, Waddack (2005), stresses the need to educate the teachers and students on the importance of ethics education. Furthermore, in 1996, Association to Advance Collegiate Schools of Business (AACSB) commissioned a study on how to introduce and teach ethics in the classroom as well as how to include it in the curriculum. One of the recommendations of the study is that a standard on ethics be included among the then existing accreditation requirements. It was suggested that professional body should provide its members with Ethics Code of Conduct. In addition, each professional body should offer its members the opportunity for continuous professional development in technical and ethical matters.

Can Ethics Be Taught?

We believe that both general societal ethics and profession-specific ethics principles can be taught, and such principles can be examined using well designed cases. It is our view that, general ethics principles should be taught in colleges and universities while professional ethics should be taught by the relevant professional bodies. General ethics principles should provide the guidance students need in resolving ethics dilemmas while in school. Undoubtedly, specific professional ethics cannot be taught in the classroom because each profession has its own code of ethics. What can be taught, however, are ways of identifying the issues involved, the choices available and how to make informed decision when faced with challenging ethical situation? The unanticipated consequences of any unethical action must be emphasized at all times.

Relevant General Ethics Principles

There are several ethics principles that are found in business, medicine and accounting professions. Five of such principles are presented and briefly discussed. They are not mutually exclusive.

Utilitarianism

This principle was first espoused by Jeremy Bentham in late 18th century. Under the principle, an action is considered ethical if it produces the greatest good or utility for the society. For example, a petrochemical plant that is located in the residential area of the poor may provide employment to many people, but its hazardous effect on health is not good for the society. This principle has two major criticisms. First, there are difficulties in defining and measuring utility or greatest good to society. Second, it is not easy to defend uneven distribution of utility among different stakeholders in society. For instance, greatest good to society may translate into the rich becoming richer and the poor becoming poorer. This situation results in unethical distribution of resources even though the rich may spend more money to reduce unemployment among the poor and in the process may pay them less than minimum living wages. This principle contradicts itself. It becomes unfair by the taking of the resources from the rich to support the poor even though greater good to society may be achieved in the process. For example, if the rich pay more insurance to stabilize the affordable health care insurance to reduce the cost of insurance for the disadvantaged, in this situation, the rich are taxed unfairly to pay for others.

Distributive justice or fairness

First advocated by John Rawls (1971), the principle addresses the inequality between the rich and the poor discussed above. Under this principle of justice or fairness, an action is considered ethical if the benefits or externalities generated by an action are equitably shared by those that have similar conditions. For example,

equal pay for equal work irrespective of gender of the one who occupies the position is an example of justice or fairness in a work environment. For example, audit partners in an accounting firm should be paid the same salary all other things being equal, irrespective of their gender because they are professional accountants.

Entitlement Principle

Entitlement Principle, in the context of ethics, is defined as some object of value to which a member of society is by legal or moral right entitled to have. For example, everyone is entitled to free expression, peaceful enjoyment of his home, a living wage for work done, privacy or safe working conditions. Immanuel Kant (1785) is known as the proponent of rights of people. Human moral rights, like these, have been entrenched in some documents such as Magna Carta, the American Constitution, and the Charter of United Nation.

Relativism Principle

Under this principle, there are no right or wrong answers to ethics issues. Similarly, there are” no” fair or unfair treatment of citizens. All actions are dictated by pressures from the environment or the situation one finds herself/himself. Some actions that may be unethical in one society may be acceptable in another society or environment. For instance, bribery may be an unacceptable practice in one society, whereas in another society, it might be the only acceptable way to conduct any business. Where bribery is a normal practice, no ethical principle is violated when people demand and accept bribery. Similarly, in a society where termination of an unwanted pregnancy is an acceptable norm, an abortion is not usually considered a moral issue.

Egoism principle

This principle was championed by Adam Smith (1986). The theory behind this principle is that people’s behavior is motivated by self-interest or the benefit that results from such an action. Admittedly, some self-motivated behaviors are not always unethical. This is at the root of classical theory of economics of profit maximization in a transaction which argues that if a transaction is unethical but legal, it is acceptable. Why then are these five ethics principles important to us? They are very important because they were used to categorize the responses of research questions, such as “which ethical principle guided your response to the question and what would you have done if you were the manager of Steve? “

Research Methodology

This is a questionnaire-based case study. The development of the questionnaire was guided by the ethics rubric (see Appendix I) for gathering information on SUNO’s ethics standard. In SUNO’s ethical standard, students are expected to be able to identify issues pertaining to ethics, conflicts, the affected stakeholders, and the ethics principles applied in satisfactorily resolving the identified ethics conflicts. In making business decisions, our students are expected to be guided by the ethics principles to which they have been exposed.

How can we test whether or not our students understand the five ethics principles listed above and whether they are guided or not guided by them? We have three research options by which this can be accomplished. First, we must develop ethics rubrics that will capture students’ understanding of ethics, the identification of ethics issues and the incorporation of ethics in decision-making. Fortunately, Southern University had developed ethics rubrics for use in its AACSB’s accreditation exercise. Second, we adopted and adapted the rubrics for our research. Third, we decided to test the rubrics in a field experiment in a classroom setting. Fourth, we decided on case study where all students would be able to participate in a controlled environment. Many studies have shown that teaching and discussing ethics can be very successfully done using cases (Bhimani, 2003; Cotel, Perlin, and Terry 1990; Hoffman, Kama, Frederick, and Perry, 1996; Riah-Belkaoul, 1992; Shaq 2004; Stanwick and Stanwick, 2014; The Bioethical, 2011). In an in-class case study, the greatest challenge is ensuring that no interaction takes place between the students as respondents. Fifth, we decided that it would be a self-administered questionnaire-based study. The Questionnaire was developed, pretested, distributed while students were seated in an examination-type environment. No cell phones or communication-type gadgets were allowed within the time the questionnaire was being filled. A maximum of 25 minutes was allowed for its completion.

All completed questionnaires were put face down on the student's desk and promptly collected. For control purposes, they were pre-numbered. A copy of the Questionnaire is presented in Appendix I.

Research Questions

The selected CASE 1 presented to students for in-class analysis is found in Appendix II. The following research questions are drawn from the case.

- 1) Who are the stakeholders affected in this case?
- 2) How would you classify Steve's behavior?
- 3) What are the ethical (moral) issues involved?
- 4) What consequences are anticipated by the revelation of Steve's behavior especially with respect to his future career?
- 5) If you were the Boss of Steve, and he comes up for promotion evaluation, how would you handle his case?
- 6) In your opinion, how important is ethics in today's business dealings?

Sample Description

The sample size consists of 60 students enrolled in two sections of introductory financial accounting course that met at 10:00 a.m. on Mondays, Wednesdays and Fridays and another class that met at 5:50 p.m. on Tuesdays and Thursdays. Only 54 out of 60 students completed the questionnaire. This is a 90 percent return. The age of the students ranges from 19 to 65 years. The evening class had more mature and working students than the morning class. In order to investigate whether there were any differences in ethics orientation between mature students and young adults, we broke the age categories into: 16-20 years; 21-25 years; 26-30 years and 31-65 years.

Sampling Technique

Convenience sampling technique was adopted because all respondents were eligible and willing to participate. Besides, participants were business majors who would understand the business ethical principles we are testing. There was no need for randomization process and no need for class discussion before individuals filled the questionnaire because the resultant outcome of the study would be more or less the establishment of the content validity of our ethics rubrics. The five ethics principles that were used had been discussed in class two weeks earlier. Thus, all the students were familiar with them.

The Questionnaire

The questionnaire comprises 11 questions of which questions 1, 2, 4, 7, 9, 10 and 11 were closed-ended, whereas the other questions were open-ended. The open-ended questions helped us in probing deeper into the reasons for respondents' choices and what they would do if they were the boss of Steve. The first draft questionnaire had a total of fifteen questions, but after pre-testing it on a group of accounting students taking governmental accounting course, it was cut down to only 11 questions. Additionally, some of the questions had to be rewritten and sequentially re-ordered within the questionnaire.

DATA CODING AND ANALYSES

Responses to most questions were grouped into three categories: *those not meeting expectations, those that meet expectations, and those that exceed expectations*. For scaling and coding purposes, *does not meet our expectations is assigned 1 point; meeting expectations is assigned 2 points; and exceeding expectations is assigned 3 points*. For each question, the number of answers that qualify for each category was established. For example, Question 1 has a total of 6 possible stakeholders. The students, who had 0 or 1 stakeholder, were assigned 1 point. On the other hand, students who identified two, three, or four stakeholders met expectation and

1. The Case is adopted from Accounting Principles authored by: Weygandt, Kimmel and Kieso (11th edition, 2000). Published by Wiley and Sons, Hoboken, NJ, USA. The Ethics Case BYP1-7 on page 46 is substantially modified for the study.

were assigned 2 points. Finally, those students who identified 5 or more stakeholders were assigned 3 points because they exceeded expectations. This coding system was consistently followed throughout the process.

Data Analyses

The rating scale employed was from 1 to 3 as explained earlier. Data for analyses were collected based on the research questions. The research questions were converted into Null and Alternative Hypotheses for testing purposes. Using the Chi-square test, the T-Test, and analysis of variance (ANOVA) it became possible to reject or accept the null hypotheses. With the ANOVA test, in particular, it became reasonable to measure the differences in perception between young traditional college students and the mature older students.

Table 1: Presents the percentages of Students that Scored 0, 1, 2, and 3 based on the Coding Scale.

	0		1		2		3	
Questions	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent
1	3	5.56%	14	25.93%	16	29.63%	21	38.89%
2	0	0.00%	34	62.96%	0	0.00%	3	37.04%
3	14	25.93%	14	25.93%	21	38.89%	5	9.26%
4	0	0.00%	7	12.96%	47	87.04%	0	0.00%
5	2	3.7%	7	12.96%	44	81.48%	1	1.85%
6	6	11.11%	13	24.07%	29	53.7%	6	11.11%
7	0	0.00%	4	7.41%	23	42.59%	27	50.00%
8	0	0.00%	8	14.81%	35	64.81%	11	20.37%

Source: Accounting Students Ethics Questionnaire In-class Study, 2011

The Importance of Ethics in Business Dealings

In order to test the assertion that ethics is important in business dealings, the responses to questions: 1, 5, 6, 7, and 8 were examined. Students who scored 0 or 1 were considered not to have met ethics expectations, whereas those that scored 2, 3 or 4, were considered to have met ethics expectations, and those who scored 5 or more, were considered to have exceeded expectations. After analyzing the responses, more students were expected to score 2, or more than those who score 1 or 0. On the other hand, it was expected that more students would have scored 2 or more than those who scored 3.

From Table 1, row 1, it can be seen that out of 54 students who participated in the survey, only three could not identify the stakeholders involved in the case and 14 could only identify one stakeholder. The two categories combined gives a total of 17 students who did not satisfactorily identify the stakeholders. A total of 16 students were able to identify between two, three and four stakeholders and thus, met expectations. Twenty-one (21) students exceeded expectations because they were able to identify five or six stakeholders. With respect to question 3 which asked the students to identify the four moral issues involved in the case, 14 students did not even identify one moral issue, and they failed to meet expectations; 34students identified 1 or 2 out of the four moral issues, and they met expectations; and5students who identified all the four moral issues involved, exceeded expectations. With respect to question 6, which asked “what would you do if you were Steve, and you suddenly discovered that your prospective employers have found out about your double-dealing?”

The respondents identified four plausible actions that Steve could have taken, and they are listed as follows:

POSSIBLE REACTIONS OF STEVE AFTER KNOWING THAT HIS PROSPECTIVE EMPLOYERS HAD DISCOVERED THE FRAUD

TABLE 2: Presents the response of students after the Discovery of fraud.

Action No of students' responses

A	Confessthe error and keepthemoney		Metornotmeetexpectation
B	Return ½ ofmoneytosecondcompany and apologize	29	Metoureexpectations
C	Apologizetobothcompanies and return ½ toeach	6	Exceedoureexpectations
D	Keepmoney and ceasecommunicatingeithercompany	13	Didnotmeetexpectations
E	No action	6	Didnotmeetoureexpectation

- a. Confess the error to both parties and keep the money as a student because he needs it;
- b. Return half of the money to the Second Company and apologize.
- c. Write and apologize to the companies and return half of the money to each company.
- d. Keep the money and cease communication with either of the companies.

It was expected that the majority of the students would select **a** or **b**, and their choices would meet expectations; the choice of **c** was regarded as exceeding expectations and choice of **d** would be as bad as not responding to or adhering to any ethics principle. The actual results show that 6 students did not respond to the question or did not know what to do; 13 students would keep the money and cease communication with the two companies. A total of 19 students did not meet our expectations; however, 29 students who would return half of the money and apologize to the second company met our expectations. On the other hand, the 6 students who would return half of the money to each of the companies with an apology exceeded expectations.

The Ethical Orientation of Age Groups

One of our major objectives of this study was to determine if there were differences in ethical orientation between age groups: 16 – 20 years; 21 -25 years; 26 - 30 years; 31 – 65 years. The summary statistics presented in Table 1 helped to address this objective. Furthermore, null hypotheses tested on all the 8 questions were as follows:

- Ho: There is no difference in terms of proportions between the responses in the four categories.
- H1: There is a difference in terms of proportions between the responses in the four categories.

Table 2 provides the result of testing the hypothesis on the proportions differences. The chi-square tests for equal proportions between the four categories were significant.

Table3: Chi-Square Test for Equal Proportions. *p<0.1 **p<0.05; *p<0.01**
Source: Accounting Students Ethics Questionnaire In-class Study

In this section, we examine the results of the data based on two ANOVA analyses. In the light of the above analysis, the hypothesis presented below is proposed for all the eight questions.

- H0: The means do not differ significantly among the four levels or age groups.
- H1: The means differ significantly.

Table 3 shows the output of the two-way ANOVA. Results indicate a significant difference between level of acceptance and age for questions 5 and 2. The results of the data analysis are presented in Table 3, below.

Table 3: Presents Duncan’s Multiple Range Tests.

Questions	F-test & P-value	P-value Level & Age
1	F = 0.31, p =0.9027	$p_{level} = 0.7091, p_{Age} = 0.8316$
2	F = 2.58, p =0.0381**	$p_{level} = 0.9747, p_{Age} = 0.0093***$
3	F = 1.91, p =0.1101	$p_{level} = 0.1922, p_{Age} = 0.1201$
4	F = 1.02, p =0.4188	$p_{level} = 0.8288, p_{Age} = 0.2095$
5	F = 2.98, p =0.0204**	$p_{level} = 0.0646*, p_{Age} = 0.0385**$
6	F = 1.74, p =0.1449	$p_{level} = 0.3593, p_{Age} = 0.1010$
7	F = 0.80, p =0.5540	$p_{level} = 0.3225, p_{Age} = 0.6416$
8	F = 1.33, p =0.2666	$p_{level} = 0.1167, p_{Age} = 0.5432$

Source: Accounting Students Ethics Questionnaire In-class Study

Discussion of the Results

Questions	Chi-Square-test & P-value
1	Chi-Square = 12.82*** p =0.0051
2	Chi-Square = 3.63* p =0.0568
3	Chi-Square = 9.56** p =0.0227
4	Chi-Square = 29.63*** p <.0001
5	Chi-Square = 96.21*** p <.0001
6	Chi-Square = 26.77*** p <.0001
7	Chi-Square = 16.78*** p =0.0002

Question One: “Who are the stakeholders in this case”?

As stressed in the accounting class, the stakeholders of any case are those that are directly or indirectly affected by any act of unethical behavior. They may be positively or negatively affected. In making ethics decisions, students are taught to consider all the possible ramifications of their actions. In this case, the stakeholders are: recruiters from private and public sector organizations; student recruits; Steve Baden, a senior; Northern College as an institution; and the parents or guardians of Steve. If Steve has some close friends with whom he hangs out, they too may be affected.

In this case, Steve and the Northern College stand out as the primary stakeholders. Therefore, a student’s inability to identify, at least, one stakeholder is considered unacceptable or not meeting our expectations. Three (3) students scored zero and 14 other students could only identify one stakeholder each. Thus, 17 students did not meet our expectations. On the other hand, 27 students satisfactorily identified more than two stakeholders

whereas 21 exceeded our expectations. See Table 1 page 8. In terms of percentages, a total of 31.49% of students did not meet our expectations and this is a significant number. The future challenge is to see ways to increase the number of students that successfully and satisfactorily identify the stakeholders.

Question Two: “How would you classify Steve’s behavior”? Students made their choices from the following categories: a. smart; b. ethical; c. legal; d. unethical; e. justified.

The distribution of responses to this question was as follows:

The majority of students recognized Steve’s behavior as unethical. On the other hand, 20% thought that he was justified in keeping the money, and only 16 % thought that his action was ethical. The next question was designed to explore if the students could identify the moral issues involved.

Question 3: “What are the moral issues involved”? This is the first open-ended question designed to give the respondents the freedom to express their views. Here are what the students identified as the moral issues:

- a. dishonesty
- b. not recognizing his position in the academic community as a student, member of a college, and alumni
- c. greed
- d. manipulative behavior because he wants to maximize benefits from the interview.
- e. using his position as a student to justify fraudulent action by underestimating the ability of the two.
- f. Not recognizing the dark shadow that his action could cast on his upbringing and his parents.

Question 4 “If Steve had suspected that the two firms with whom he interviewed would find about his scheduling interviews on the same day, would his action have been different? The respondents were expected answered “yes” or “no”. This question was to remind the students that they were expected to think deeply before taking certain actions. The act of committing fraud is one of those situations about which students should think deeply especially considering the immediate, remote and future consequences. Twenty-three (23) students believed that his action would have been different whereas 27 students believed that it would not have made a difference. Based on our established criteria, these 27 students did not meet our expectations. Similarly, the four students who did not respond to this question did not meet our expectations.

Answers that met expectations were as follows:

- a. Schedule the interview on two different days without letting either firm to know.
- b. If interview is to be held the same day, agree with the firms as to time and sharing of expenses and means of payment.
- c. Agree with the two firms on the conditions for staying overnight and attending the next interview the following day and the sharing of expenses to be discussed also.
- d. Discuss with the firms about the conflicting times for interviews and suggest new times and dates for their confirmation. By doing this, there will be no room for impropriety.

Students who included answer D as a part of their response, exceeded expectations. Those who gave combinations of A, B, or C, also met expectations. The distribution is as follows: 77.36% met our expectations; 11.32 % exceeded our expectations; and 11.32 % did not respond to the question.

H1. There are significant differences in responses to the questions based on Age Categories?

H0. There are no differences in responses to the questions based on age categories.

The age groupings we utilized, admittedly arbitrary, are as follows:

Frequency distribution

1. Between 16 and 20 years old 21
2. Between 21 and 25 years old 18
3. Between 26 and 30 years old 7
4. More than 31 years old 8

In order to test whether there are any differences in ethics perception between the age groupings, Duncan’s multiple range tests were conducted. In Duncan’s test, the mean score of each grouping is compared with one another in the age groupings. The primary interest is to know whether there are significant differences between the age groupings with respect to research questions or dependent variables. This test was consistently done on

questions 1 thru 8. We also used the chi-square method for equal proportions test. The results are presented in TABLE 3.

What Ethical Principles might have guided the answers to Questions 7 and 8?

In order to answer this research question, we combined the respondent's answer of questions 7 and 8 and then categorized them under the five ethics principles identified earlier. Responses to question 7 were very helpful in providing the lead. For example, respondents who chose 7 a, seem to suggest that Steve should have known better, and that the denial of the expected promotion is what he deserved. If their answers to question 8 are leaning towards this interpretation, the ethical principal classification was "justice or equity". On the other hand, those who chose 7 b, were considered to be leaning towards "utilitarianism". Such students may not be inclined to take any action that the society might frown upon. For this reason, their responses were classified as utilitarian. The choice of 7 c, borders on "situational ethics or relativism". What Steve did as a student, in their view, should not be held against him as an employee. He did what he had to do to survive. In summary, many students are guided by such ethics principles as: utilitarianism, justice or fairness, and relativism in this order. When the results were further analyzed, it was found that students between the ages of 16 through 25, were inclined towards utilitarianism and relativism whereas the older students (35 – 66 years) were guided by the ethics principle of justice or fairness.

Conclusion

This is a questionnaire – based on a in-class case study. The study had the primary objectives of testing: the ability of students to identify ethical issues and conflicts as well as the stakeholders that might be affected by unethical decisions. The students were guided by the ethics rubric developed by Southern University at New Orleans for its AACSB accreditation. In addition, this question was explored, "do older students have different ethical orientation than the younger students"? Fifty-seven students participated in the study but only 54 completely responded to all the questions. Four hypotheses derived from the research questions were tested using regression and analysis of variances methods. The results show a significant number of students identified the ethical issues, the stakeholders, the moral issues and the importance of good ethical decisions in business. Furthermore, most students were able to identify the ethical issues involved, the various stakeholders that would be affected by unethical decisions. On the question of whether the older students have different ethical orientation than the younger students, the results suggest that there is a difference in their mean scores and the older students were guided by justice or fairness principles, whereas the younger students were guided by utilitarianism and relativism principles. The implication for accounting educators appears to be that the general principles of ethics should be emphasized in class when teaching ethics because majority of students can identify ethical issues and can also identify most of those stakeholders affected by unethical behaviors. On the resolution of ethics conflict, self- interest and environmental pressures drive the choice of ethical principle they follow. As long as students are exposed to a wide range of sound ethics principles to guide their actions, hopefully they will make wise choices. What specific choices students make outside the classroom, as matured adults, should be those that do not embarrass their organization, their schools or themselves. Unfortunately, the bad application of ethics principles will make national newspaper and television headlines.

Limitations

There are several limitations to this study. First, the study was conducted in a single university and in two introductory financial accounting classes. Second, the class enrollment is heavily in favor of the young adult day -students than those of the older night- students and this might have introduced some kind of age-related bias. Third, another bias might have been unwittingly introduced in the grouping of respondents. Young students are classified as between ages 16 and 25 while the older ones are those between ages 35 and 66 years. Nowadays, 24- and 25-year-olds do not consider themselves as young people. It might have been more useful to examine the ethical orientation of middle-aged students (24 – 34 students) and what they think about ethics. Whatever way we might have grouped the respondents, the question of artificial boundaries would always arise. For these reasons we must caution the interpretation and acceptance of our results.

For further research, several issues may be considered. First, the simplicity of the case and the total amount of reimbursement which is very small could be dramatically changed. A more sophisticated case could be chosen. A laboratory experiment could be conducted. The sample size could be increased with more mature students. Finally, the effectiveness of the case method in teaching ethics is not diminished by the limitations of this particular case. The results obtained are robust and should be regarded as one of the major contributions to accounting ethics literature.

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