

Reimagining Ethics Education

By Steven Mintz

The AICPA Code of Professional Conduct was re-codified on June 1, 2014, and became fully effective on December 15, 2014. A significant change in the revised code is the creation of a new section on “Ethical Conflicts” (1.000.020). The code now links independence to the conflicts of interest provision. Given that the independence rule is inextricably linked to objectivity, the assessment of when a conflict of interest exists that impairs objectivity, integrity, or professional skepticism directly influences whether independence may be impaired.

Accounting ethics education tends to examine conflicts of interest in the context of how to make ethical decisions using standard ethical reasoning methods such as utilitarianism,

which balances the harms and benefits of choosing one course of action over another. A utilitarian analysis can be problematic in practice because no balancing of harms and benefits should override the need to meet the public interest obligation or be used to rationalize away any conflict of interest.

Rights theory, on the other hand, emphasizes the obligations of accounting professionals to the public in the form of shareholder and creditor interests. Investors and creditors rely on the ethics and professionalism of accounting professionals to best serve their interests and gain trust in that relationship over time and with the performance of professional services. Rights theory better mirrors professional obligations and provides a useful perspective for accounting ethics education under Immanuel Kant’s categorical imperative, the application of which would ask accounting students to consider whether acting in a particular way is the same as or similar to how other accounting professionals act in similar situations for similar





reasons. If so, the intended action is ethical because it promotes a universal standard of behavior.

Today's Students, Tomorrow's Leaders

The standard ethical reasoning methods are important tools of ethical analysis and are necessary for accounting ethics education to develop tomorrow's future accounting professionals. They are, however, insufficient to ensure that students have embraced the values that have long defined the accounting profession. Ethics education should also prepare today's accounting students to become tomorrow's professionals by instilling in them a commitment to the core professional values of independence, objectivity, integrity, and professional skepticism.

How can educators better prepare their students to assume roles in the profession that build trust with the public? They can start with ethics education that emphasizes what it means to be a professional and the character of a professional accountant and auditor. Professionalism is demonstrated by behavior that is consistent with the ethical obligation to serve the public interest. It requires a level of ethical judgment because the rules in the AICPA Code of Professional Conduct need to be interpreted by the circumstances of each situation. Conflicts of interest are particularly troublesome, because considerations of loyalty may create pressures that test an accounting professional's commitment to serve the public interest, not that of the client or the self.

An effective way to deal with conflicts of interest in accounting ethics education is to have students consider how they would deal with each of the following four standard reasons and rationalizations their superiors might give to promote a point of view that is not in accordance with professional values:

- *Expected or standard practice*—"This is the way things are done here. We expect you to conform your behavior to our norms."
- *Materiality*—"It's really not a big deal; no one will get hurt; the monetary effect is insignificant."
- *Locus of responsibility*—"You did not develop the accounting treatment being questioned."
- *Locus of loyalty*—"Get on board and be a team player."

These four arguments are part of an ethics education tool known as *Giving Voice to Values* (GVV). A relatively new method of accounting ethics education, GVV develops in students the confidence to deal with difficult situations by practicing how to voice their values and find a way to change the accounting practice being questioned. This method works well in accounting ethics education because it is through focus on professional values and judgment that students learn how to withstand pressure from superiors that leads to unacceptable outcomes from a public interest perspective.

Ethics education attempts to deal with the issue of profes-

sional judgment by exposing students to the ethical reasoning methods, applying them to hypothetical or real-world dilemmas, and then deciding what to do. The problem is, students often parrot back what they believe the professor wants to hear rather than what they truly feel. What is missing is an emphasis on building the character of tomorrow's leaders. Who will speak up for the public interest in years to come?

Instilling Moral Purpose

Education in the core values of the accounting profession should evoke emotional responses from students by having them reflect on the moral significance of their emotions and how they can guide ethical decision making to advance serving

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the public interest. This is not an easy task. Accounting educators tend to shy away from moral education because they fear being labeled as "preachy." Indeed, moral purpose and the motivation to do good by being good is rarely discussed in modern society. The idea that educators are telling students what to do by teaching a moral point of view is misplaced. Accounting is an inherently moral calling, with the public interest served above all else.

Finally, accounting educators should resist the temptation of rationalizing not teaching ethics by invoking the claim that their purpose is not to impose their values on students. By not teaching ethics, accounting educators promote another value—that ethics education is not important. Nothing could be further from the truth. □

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