**Proposal to Investigate Formal Ethics Teachings for Accounting Students**

Submitted to Professor DeFazio

by …

September 22, 2011

1. **Introduction**

The importance of business ethics is increasing by the hour. Proof for this is one business scandal after another that fills our daily newspapers and business journals. Obviously not all business students today intend to get involved in unethical behavior. Nevertheless, some may be involved in serious law suits ten years from today. The reason for this may be simply because they did not know how to properly handle these so called gray area. Growing up, we all experienced that not knowing the rules will not protect us from punishment. This is a simple rule that also applies to the juristic system. To make matters even more complex, as a result of globalization, people with significant sociological, cultural, and ethical backgrounds from all over the world come together in one place. As a result, companies cannot assume that all of their employees share the same ethical understanding. Ethics are important for all areas of business, but while it is taught and empathized to management and finance students, accounting students often only get the cliff notes version of the ethics curriculum. However, Haas (2005), a writer for The CPA Journal, says that CPA firms expect their new college hires to know professional ethical behavior. While some people argue that ethics cannot be taught to adults, incorporating formal ethics education into the accounting undergraduate curriculum is essential, because accountants are the heart of any business and are exposed to the temptation of unethical behavior daily.

**B. Statement of the Problem**

Many people argue that ethics cannot be taught to adults in a formal business setting. Those people argue that ethics are developed throughout childhood and cannot be changed later in life. As this may be true, raising awareness of ethical and unethical behavior will decrease the possibility of unethical actions. The Securities and Exchange Commission (SEC) realized this and enacted the Sarbanes-Oxly Act in 2002. This act was not put in place to teach ethics, but it was a response to enforce ethical behavior. This act was designed to provide more guidelines and regulations to prevent unethical behavior in the future. Thus, if it is mandatory to enforce ethical behavior through stricter guidelines, it is time to incorporate an accounting ethics class into the George Mason University’s undergraduate accounting curriculum.

**C. Purpose and Approach**

The main purpose of this essay is to convince the George Mason accounting professors and Dean Jorge Haddoch to enforce the implementation of a formal ethics class in the undergraduate accounting program. Just mentioning ethics, and its importance, as a small element of Financial Accounting is not enough. The main issue is that ten years after the Enron and Arthur Andersen case universities, like George Mason University, are realizing that ethics are an issue, yet they have not implemented a class that focuses on ethics, values, and professional conduct when faced with those common gray areas. George Mason needs to act upon the idea of a mandatory accounting ethics class. Illustrations of recent unethical behaviors in various accounting related scenarios are going to be supporting elements of the essay. In addition, examples that show how the American Institute of CPAs (AICPA), International Accounting Standards Board (IASB), and the SEC have dealt with unethical behavior throughout the last decade will show that ethics are still a growing issue that cannot be resolved by only a couple of hours of ethics talk during four years of college.

**D. Sources**

The one major piece of evidence I have, which led me to this topic, is that I learned that many accounting students feel strongly about the need for an ethics course. After all, one of George Mason’s learning goals states that undergraduate students understand ethical concerns upon graduation.

The topic of ethics is reoccurring through all major accounting and business related sources. To support my argument, I would incorporate professional sources like the AICPA, IASB, and SEC, professional journals like The Journal of Accountancy, The CPA Journal, and The Wall Street Journal. In addition, I would interview accounting professors at George Mason University for their opinion. By using these kinds of sources I intend to collect general statements about why more ethics training is mandatory for accounting students, illustrate recent ethics issues, and get directly related expert feedback by George Mason University professors.

**E. Limitations**

One limitation of this essay is planning out details of an ethics class. I believe that it takes many pedagogic and accounting experts to design a complete ethics curriculum. I will mention some general and some specific elements to illustrate the importance of ethics, yet, due to the limitations of one research paper, I will try and focus on the *why* rather than the *how*. Thus, after arguing for an accounting ethics class, George Mason faculty would still have to design a precise teaching curriculum.

**F. Conclusion**

All companies and their stockholders expect its employees to be ethical individuals. However, in today’s multicultural environment the understanding of ethics varies widely. So, in order to prepare today’s business students properly for the business challenge, an ethics course that establishes a solid ethical foundation is essential.

I would greatly welcome any feedback, concerns, suggestions, and ideas about how to make this essay more solid and persuasive. After all, the future of Corporate America depends on today’s business students!

Resources

Haas, A. (2005). Now Is the Time for Ethics in Education. *The CPA Journal*. Retrieved September 2011, from [http://www.nysscpa.org/cpajournal/2005/ 605/essentials/p66.htm](http://www.nysscpa.org/cpajournal/2005/%20605/essentials/p66.htm)

**Appendix**

*Expert Interview*:

C.M. Hylton, CPA, MBA. Ms. Hylton is a George Mason University professor.

Date: Wednesday November 21, 2011.

*Questions*:

* How long have you been teaching at George Mason University?
* How important do you believe is ethics to companies?
* Do you believe ethics is an important topic for accountants to discuss extensively?
* Do you believe that ethics can be taught?
* Do you believe George Mason University could improve upon it ethics teaching?
* Have the George Mason accounting professors discussed the option of an accounting ethics class?
* What was the result of this or similar discussions?
* What would you consider the most important topic within the field of ethics?
* Generally speaking, do you believe that discussing ethics would decrease unethical behavior?