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**Education Regarding Ethics in the
Accounting Profession – A Literature Review**

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Abstract: The objective of this paper is to group authors from the specialty literature which approach education regarding ethics in the accounting profession in currents of thought, intrinsic and extrinsic in order to offer a view on current theories regarding ethics education in the accounting profession and the ways to improve it. In order to achieve this article's objective we used conceptual content analysis through a positive approach. The research involved the analysis of recent and representative articles indexed in international databases with the purpose of identifying trends and authors which contributed actively on our theme or research. A trend towards "extrinsic" visions can be seen with: enforcing the legislation of the profession, modifying the curriculum, putting the accent on the ethical part in teaching by professors, introducing an interactive reply system for students; and "intrinsic" visions like: offering models of ethical professional accountants, paying attention to the social and economical context in which professional accountants work, paying attention to the moral and cognitive development of the student as future professional. The key contribution of the paper presented is grouping the authors from the specialty literature in the currents of thought, intrinsic and extrinsic.

Keywords: intrinsic, extrinsic, desirable social model, locus of control

JEL Classification: M41, M48

1. Introduction

The current world economy is governed by "information" and "globalization". In the context of the new challenges, the quality of the decision process, the efficiency of the tax system and of the international capital markets are directly linked to the quality of financial reporting. The information from financial reporting continues to occupy a privileged position.

Here is where the professional accountant and the auditor intervene and they must base their work on responsibility, professionalism, objectivity and independence, answering at the same time to the new challenges imposed by globalization and financial crises. The certainty of this fact derives from the importance of the accounting profession considered the formal language of communication in the business world. The quality of information and thus the quality in the accounting profession concern the users of national and international rules and regulations as well as theoreticians. As a consequence, the objective of this article is to analyze and discuss the currents in education regarding ethics in the

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accounting profession found in the specialized literature by grouping authors in the intrinsic and extrinsic currents of thought.

2. The Purpose of the Article and Conceptual Demarcations

The objective of this paper is to group authors from the specialized literature which approach education regarding ethics in the accounting profession in currents of thought, intrinsic and extrinsic in order to offer a view on current theories regarding ethics education in the accounting profession and the ways to improve it.

Literature review plays a key role in defining the current problem of research in the field of social sciences. Also, literature review is considered a method used to distinguish between what was done and what must be done, to identify between theory and practice, to establish the context in which the problem of research is approached, to identify the main methodologies and research techniques used already and to integrate this intercession in a historical context in order to prove the familiarization with the evolutions in the respective field of science. (Ray, Scapens &Theobald, 2002)

In this article concepts with specific meanings have been used, for which was proceeded to their clarification:

- *locus of control* – the way in which a person explain success or failure, through causes of internal or external nature, controllable or uncontrollable by that person;

According to Rotter (1966) internal locus of control represents the belief that responsibility for failure, respectively the merit for success lies in the flaws, errors respectively in the abilities and qualities of that person; that responsibility and merit have but a small connection with chance or external pressure factors. External locus of control refers to the belief that the source of events (positive or negative) is fate, destiny or other people's power. (Neil, 2006)

- *the desirable social model* – the behavior according to which a person is not honest and offers answers accepted by the ethical rules and regulations of the community in which that person lives because of the fear of repercussions;

According to the authors Randall and Fernandez (1992) via Rafik Z. Elias, "*the desirable social model*" is a serious problem when the ethical behavior is studied. The responders tend to offer the answer desired by the ethical rules and regulations of the community in which they live. The cause of this behavior is the fear or repercussions should others discover the responder does not respect these rules and regulations. In order to overcome this psychological landmark a responder is asked to present the behavior of a colleague in the profession in a certain situation. It is assumed that the responder will have a behavior similar that colleague. (Elias, 2001, pp. 46-48)

3. Research Methodology

In order to achieve this article's objective we used conceptual content analysis through a positive approach. The research involved the analysis of recent and representative articles indexed in international databases with the purpose of identifying trends and authors which contributed actively on our theme or research. Representative journals in which relevant articles are published are: *Journal of Accounting Education*, *Accounting Education: An International Journal*, *Advances in Accounting*

Education, Global Perspectives on Accounting Education, Issues in Accounting Education and The Accounting Educators' Journal.

The source articles were chosen based a search command with the key words: "ethics", "education", "accounting" from three available databases: Proquest, Ebsco and Elsevier.

After choosing the articles we created a database in Word to store the ideas of each article, ordered by the year in which it was published, title, current of thought and a short description of the major aspects presented in the article to ease comparison. The next step considered: what problems or research are approached? Which are the resemblances and the differences between the authors' visions? Which research problems can become the base or future research?

4. Literature Review

According to Ionaşcu (1997), accounting has a multitude of theories, or in Kuhn's language, a multitude of paradigms. Current theories can be: *normative*, when they start from certain judgments and empirical when they start from the empirical testing of certain hypotheses. Current theories are the ones that lead to development of the accounting profession. The merit of a theory is greater the more it gives birth to theories closer to the truth. Considering the elements previously mentioned, we will further present current theories from the specialized literature regarding ethics education in the accounting profession. A synthesis of author's visions is presented in Table number 1.

Table 1. Visions on education regarding ethics in the accounting profession

No	Methods of improving education regarding ethics in the accounting profession	Frequency of occurring
1	putting accent on ethics education by professors	3
2	modifying the curriculum	4
3	modifying the methods of instruction	1
4	improving of the technologies used in ethics education	1
5	solving faculty problems	1
6	according attention to the cognitive development of the students	2
7	"the moral speech"	1
8	offering models of ethical professional accountants	3
9	introducing discussions regarding the usage of unlicensed/unauthorized software in ethics	1
10	teaching ethics courses	2
11	paying attention to the economical and social context	2
12	using an interactive reply system	3
13	using formative evaluation	1
14	internship	1
15	improving the use of resources regarding materials used ethics education	1
16	Improving the relationship between the university and the professional bodies	1
17	introducing projects to increase the social accountability of students	1
18	enforcing legislation	2
19	using the "moments of surprise"	1
20	humanizing the professional accountant	1
21	promoting self-evaluation	1
22	introducing ethical religious values in ethics	1

23	using reflective learning techniques	1
24	learning by problem solving	1
25	avoiding negative behaviors by teachers	1
26	involving professors in the accounting profession	1
27	using literature, stories to develop moral imagination	1

From the analysis and interpretation of specialized literature and to achieve the research objective of this paper a presentation of these visions will be further made.

The intrinsic current of thought puts accent on forming internal locus of control, on forming individual ethical values of the professional accountants. Authors who have this vision are: Armstrong, Brandon, Everett and Tremblay, Huber and Mafi, Kaciuba, Lehman, Lucas, Mahdavikhou, Khotanlou, Mintz, Young and Annisette.

Armstrong (2003) uses Thorne's (1998) model called "Integrated Model of Ethical Decision Making" to analyze the specialized literature. He noticed that most papers which approach moral development focus on sensitivity and prescriptive thinking. Armstrong draws attention on the development of virtues, defined by him as "ethical motivations and ethical behavior". Armstrong offers as measures to increase the ethical aspect of the accounting profession: the "moral speech" (a speech designed to instill moral feelings) and the moral models offered to students as well as to practitioners.

Brandon et al (2007) mentions that great care must be given the cognitive-moral development of students, as future professional accountants. The theories of these two authors are belonging to an "intrinsic" current of thought: it puts accent on forming the individual values of the professional accountant, the source of behavior must be internal, not external.

Lehman (2013) continues Everett and Tremblay's (2013) work about the model of moral professional accountant and according to the intrinsic vision he proposes the use of the "wise man" model, (phonemes) made by Aristotle (2004). "Phronemos", according to Aristotle (2004) is a wise and ethical person which is capable of judgment and proper behavior.

Everett and Tremblay (2013) have an intrinsic approach, they offered in their papers a model of moral professional accountant, Cynthia Cooper, vice-president of the department of internal audit at World Com. These authors analyze human sociology and show that internal auditors offer moral landmark on the market. The authors also draw attention to the limited resources regarding ethics offered by the professional body for internal auditors in the US.

Huber and Mafi (2013) are part of the intrinsic current of thought. They put accent on learning by experience. They brought an innovation in teaching ethics with the project Philanthropy. Students had to assign financial resources to non-profit organizations, having real consequences on the community they live in. The project leads to the improvement of collaboration and communication between students, increase of student involvement towards the community and the improvement of the students' character.

Kaciuba (2012) states that student involvement can raise courses on effectiveness, even audit courses which are considered abstract and boring. She stated that her students have read the audit concepts and made a small film containing the essence on the concept. The film must be short and funny. Involving students has the purpose to increase accountability, to increase the desire for social involvement and to form personal ethical values. She belongs to the intrinsic current.

Lucas (2008) proposes a pedagogical intrinsic approach: the use of the “element of surprise” in the process of teaching. These moments are of two types: moments in which the student is surprised by the unexpected impact of the learning activity and in determined to reflect and moments in which the student is determined to doubt what he considers to be ethical/not ethical.

Mahdavikhou and Khotanlou (2012) draw attention on the fact that the existence of rules and regulations regarding ethics in the accounting profession does not ensure compliance with the rules. They state that without ethical values and responsibilities, despite the existence of standards, professional accountants will continue to provide manipulated financial reports. Representatives of the intrinsic current of thought, they state that in order to develop and promote ethical thinking a reorganization of the education system in the accounting profession is needed. The solutions they propose are: humanizing the professional accountant and promote self-evaluation. They also advise introducing religious ethical values in ethics courses for accounting schools.

Mintz (2006), a representative of the intrinsic approach recommends using the “reflective learning techniques” to create and offer the best ethics courses. According to him, students could apply a way of thinking based on virtues with reflective thinking to solve problems practitioners deal with. Such techniques include class discussions, role exchange and case analysis. Students can express themselves both by speaking and in writing; they receive feedback during and after class. Mintz believes that reflective learning can help to change the student’s way of thinking in order to understand a situation. He states that reflective learning can lead to a better understanding of ethics, that students have more time in class to process the material presented to them and that student involvement is thus increased.

Saravanamuthu and Tinker (2008), intrinsic representative’s claim that ethics should be integrated in the education of the accounting profession and those important ethical aspects should be revealed and not hidden. According to these authors, students as future professional accountants must be taught to think in an ethical manner and not just taught to apply professional knowledge.

Stanley and Marsden (2012, 2013) make studies about problem based learning or PBL. In one such study, students were asked to work in teams for a semester, similar to a team at a real work place. They were encouraged to ask themselves questions as a way to obtain the information they need in order to take decisions. Intrinsic representatives, the authors propose the use of this learning technique for the students to develop the capacity to ask themselves ethical questions, to learn teamwork and to solve problems in a realistic work environment.

Stout and Wygal (2010), intrinsic representative’s advice professors to avoid negative behavior because it is an obstacle to students in learning ethical behavior. These authors include the following to negative behavior: negative are careless attitude towards students, insufficient preparation and organization of the courses, incondite presentation of the courses, inflexible / inaccessible behavior. The authors suggest using the expertise of professors which are “models of ethical behavior”.

Young and Annisette (2009) criticize the approach based on ethical models. They claim that such approach can not reveal the entire nature of ethics and individuals and that it limits the students’ possibilities to morally develop. The two authors, intrinsic representatives propose the use of stories to develop the moral imagination of students as future professional accountants.

The extrinsic current of thought is based on forming and imposing ethical behavior to professional accountants by means of forces extrinsic (exterior) to the professional accountant. Among the authors having such vision are: Apostolou, Curtis, Dombrowski, Hopper, Low, Roybak and Saat.

Curtis (2011) has an extrinsic vision. He considers the use of formative evaluation by the professors. This method of teaching involves offering feedback to students and to teachers. The purpose of this method is to obtain the capacity to modify the school curriculum.

Apostolou et al (2010, 2013) considers as measures for improving education in ethics: modifying the curriculum and the methods of teaching, improving the technologies used in education, solving the faculty's problems and increase the attention paid to students.

Bailey and Soileau (2011), in order to improve ethical behavior in accounting propose the use of short ethics courses that refer to unlicensed/unauthorized software. They consider that students will face in their personal and professional life situations that involve the use of such software.

Boyce (2008) believes that education regarding ethics in the accounting profession must be seen in the present context of globalization and taking into account the financial scandals. This author believes that the changes must be made at the level of the economic and social system. According to Boyce, accounting professors have the responsibility to examine ethics in the larger context of globalization before shaping a student's behavior. Boyce (2013) critic the way in which ethics is perceived in capitalist societies. In his opinion, the way of perceiving ethics influences ethics education in the accounting profession. His theory is based on the psychological aspect of education regarding ethics.

Chui et al (2013) plead for the use of an interactive reply system for students. They have investigated the influence of using such system in two groups of students, evaluated by the same teacher in the same semester. They have shown that the students who were subjects of this system had better answers at the multiple choice questions than the other group and that they also spend less time to prepare for the test than the other group. Students who had to sue this system felt more confident in their professional abilities.

Dombrowski et al (2013) also have an extrinsic vision proposing the modification of the curriculum and introducing internship programs, as practice for students at some non-profit organizations in groups of three to seven.

Hopper (2013) can be included also in the extrinsic current of thought. He proposes the use of reforms in education that could introduce in courses the presentation of the link between the accounting profession and the social and economical context. This should give students the ability to formulate critics and to find alternative solutions. According to this author the reforms must be based on changing the curriculum and improving the relationship between faculties and the professional bodies.

Low et al (2008) are representatives of the extrinsic current. They draw attention to the role professional accountants had in the great financial scandals. Improving ethical education, in their vision involves: increasing transparency, increasing corporate governance, enforcing the legislation, changing the curriculum which they consider inadequate to influence ethical behavior of future professional accountants. According to these authors, ethics courses are necessary and they can still influence ethical behavior of future professionals.

Roybak (2008) also puts the accent on enforcing legislation and focuses on enforcing the legislation regarding the independence of the professional accountants.

Saat (2010), examines the efficiency of ethical education in Malaysia and proposes the introduction of compulsory ethics courses for accounting faculties.

Sanchez et al (2012) advises the use of interactive learning process and offers a guide to implement such process in audit courses. This process involves the use of practitioners in the classroom, at

courses in order to guide and offer feedback to students. The authors revealed that such group of students gained more knowledge than a control group without the feedback from practitioners.

5. Conclusions

Analyzing the specialized literature can be seen that many authors have common or at least tangent visions on ethical education in the accounting profession and the methods to improve it. First of all, what matter is the attitude and mentality of people in general, characteristics formed in time. A trend towards “extrinsic” visions can be seen with: enforcing the legislation of the profession, modifying the curriculum, putting the accent on the ethical part in teaching by professors, introducing an interactive reply system for students; and “intrinsic” visions like: offering models of ethical professional accountants, paying attention to the social and economical context in which professional accountants work, paying attention to the moral and cognitive development of the student as future professional. The element of change presented is grouping the authors from the specialized literature in the currents of thought, intrinsic and extrinsic.

Obviously, like any research activity our article presents some limits. Among these we identify the limited access to international databases or the origin of the theories. The sources of information used to realize this paper are articles from the field of ethics in accounting and books of economical epistemology. All of these originate from the academic environment, in which sense we must identify opinions of practitioners.

As future directions for research we will: test the theory according to which there are authors that have a mixed vision (intrinsic and extrinsic), extend our area of research to at least two more international databases, group the authors on countries and zones of economical development in order to find correlations between their vision and the degree of economical development of the country/region they belong to.

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