

The Effect Of Church And Service On Ethics Education: An Experiment With Accounting Students

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ABSTRACT

Recent highly-publicized scandals involving accounting ethical failures have renewed recommendations to include ethics education in the accounting curriculum. Hundreds of studies confirm that the ability of students to recognize ethical dilemmas and make moral judgments improves during the college years. However, pre-existing conditions that may influence the improvement are unclear. Using a pretest-posttest control group design and a survey instrument of 25 ethics vignettes, we measured the effect of ethics education on the moral judgment of 81 accounting students over one semester. Results showed that the effectiveness of short-term accounting ethics education is influenced by prior participation in church and service activities. Students with participation showed significant improvement in moral judgment; students without participation did not improve. These results suggest that accounting students with prior church and service activities are more likely to be influenced by ethics education.

INTRODUCTION

The need for a renewed emphasis in accounting ethics education is apparent. The financial scandals at Enron, WorldCom, Adelphia, Tyco, HealthSouth, Global Crossing, and other companies have adversely affected the reputation of the accounting profession (Wei 2002). Congress reacted with the Sarbanes-Oxley Act of 2002, which among other reforms, mandates ethical changes pertaining to auditor independence (Title II), and a code of ethics for financial officers (Title IV). State Boards of Accountancy are also reacting by revising ethics requirements for both current and new entrants (Thomas 2004). Recognizing that accounting professionals are first exposed to accounting ethics as students, educators have also begun to re-examine ethics education in the accounting curriculum.

McDonald and Donleavy (1995) review common objections to teaching business ethics. Perhaps the most frequent one is that ethics courses are unlikely to affect value or attitudinal change in college students because “values and attitudes are created over time as a result of cultural, family, and religious affiliations” (p. 841). On this issue they conclude that “the evidence to date suggest that courses can be a means of achieving ethical awareness and sensitivity in students” (p. 839). In addition, we find the observation of Hanson, described by McDonald and Donleavy as an “experienced teacher in the field of ethics,” to be particularly insightful. He suggests that the goals of ethics education should be to help well-intentioned business students “to manage the strength of their own characters, to deal effectively with predictable ethical challenges in any business career, and in their role as managers, to create a supportive ethical environment for their subordinates (Hanson 1987: 11).

With these goals in mind, we favor the recommendation of Piper *et al.* (1993), who conclude that ethics not only can be taught, but must be taught at the college level. In the Literature Review that follows, we examine the evidence that generally supports the effectiveness of teaching business ethics to college students. This literature reveals various ways of teaching ethics to accounting students, and identifies factors outside the classroom, such as religiosity and service, that may promote moral development. The Methodology section describes our experiment to

test the effectiveness of ethics education in several accounting courses, with church activity and service experience as moderating variables. The Results section reports that the ethics education was effective in improving the moral judgment of accounting students in one semester, but only for those reporting prior involvement in church or service activities. A discussion of the implications to accounting ethics education and our recommendations conclude the paper.

LITERATURE REVIEW

Can Ethics Be Taught To College Students?

The theoretical background of accounting ethics research rests largely on the work of Lawrence Kohlberg and James Rest, developmental psychologists. Kohlberg (1979, 1984) noted that as children grow they advance through definite stages of moral development. From his observations and tests, he identified six specific stages of moral development through which human beings consecutively progress. In the first two stages (“pre-conventional”), people make moral decisions based on rewards and punishments. In the third and fourth stages (“conventional”), people make moral decisions based on society’s expectations and the respect for rules and laws. In the fifth and sixth stages (“post-conventional”), people make moral decisions based on logical application of universal moral principles despite legal or social implications.

Using Kohlberg’s theory, Rest (1979) developed the Defining Issues Test (DIT), a paper-and-pencil test designed to measure moral judgment. The DIT consists of short ethical dilemmas with questions after each one. Based on the answers, a respondent is categorized into one of the three levels of moral development, and given a “P score” that represents the degree to which the answers fit the post-conventional level of Kohlberg’s theory.

The DIT has been used in over 500 published articles (reviewed by Bebeau and Thoma 2003), including studies involving accounting students (e.g., Armstrong 1987 and 1993, Ponemon 1990, Thorne 2000). These studies strongly confirm that ethics can be taught to college students. For example, Rest and Thoma (1985) tracked the moral development of students from the end of high school to six years beyond high school. They found that DIT scores increased for those attending college but were stable for those who did not attend college.

Factors That Promote Ethical Awareness In College

While the empirical evidence is strong that the college experience enhances moral judgment, it is not clear as to what it is in the college experience that stimulates it. Possible causal factors include the type of institution, the academic discipline, the curriculum within the discipline, the amount of time devoted to ethics education, and factors outside the classroom, such as involvement in religious or service activities.

Type of Institution

Several studies have shown that liberal arts colleges, as compared to other types of colleges and universities, tend to be more conducive to fostering the development of moral judgment, although no firm evidence exists as to why this is so (Pascarella and Terenzini, 1991, McNeel, 1994; Good and Cartwright, 1998).

The Academic Discipline

The evidence that different academic disciplines may affect moral judgment differently is mixed. St. Pierre *et al.* (1990) found that students majoring in accounting and other business disciplines showed *lower* levels of moral judgment than students majoring in psychology, math, and social work. Jeffrey (1993) hypothesized that students who majored in liberal arts would achieve a higher level of moral judgment as compared to students who majored in business or accounting, where there is a supposed emphasis on “hard-and-fast rules.” Somewhat surprisingly, Jeffrey’s research did not support his hypothesis. Instead, Jeffrey found that the ethical development of accounting students was *higher* than the ethical development of other students in lower-division classes and remained so through the senior

year. Snodgrass and Behling (1996) found *no difference* in the moral judgment between business and non-business majors.

Time Devoted To Ethics

Following an analysis of 55 studies, Rest (1986) concluded that interventions of longer than twelve weeks had no more impact on moral judgment development than interventions of three to twelve weeks, and that interventions of less than three weeks did not increase the DIT score. Armstrong (1993) advocates multiple interventions, finding that moral judgment scores are greater for students who are exposed to a class on general ethics followed by an accounting class where ethics is interwoven in the course material, and then a capstone course on accounting ethics. Hence, it appears that repeated exposure to ethics may be superior in developing moral judgment as compared to one-time exposure.

Nature Of The Course Or Experience

Several studies have investigated the effects that a specific course or type of experience may have on moral judgment. Among them are studies on general education courses (Mustapha and Seybert 1989), ethics courses (Armstrong 1993, Ponemon 1993, Boss 1994), a freshman colloquium on psychosocial issues (Tennant 1991), participation in service learning (Boss 1994; Gorman *et al.*, 1994), an outdoor education program (Smith and Bunting 1999), and religiosity (Conroy and Emerson 2004). Of note is that virtually all of these approaches were effective in promoting moral judgment. Ferrell *et al.* (2005:109) believe that it is “experience in resolving moral conflicts [that] accelerates an individual’s progress in moral development.” This belief is also postulated by Rest and Deemer (1986) who state that “spending more time contemplating issues” is a key factor in promoting moral judgment (King and Mayhew, 2002:258).

HYPOTHESES

A review of this literature suggested three hypotheses. First, short-term accounting ethics education will increase the moral judgment of accounting students. The results of Kohlberg and others strongly support this expectation. Second, the effectiveness of the ethics education will be positively influenced by prior church attendance of the students. Third, the effectiveness of the ethics education will be positively influenced by prior service experience of the students.

The literature shows that factors outside the classroom can influence the effectiveness of ethics education in developing the moral judgment of college students. In an experiment with 850 students at two universities, Conroy and Emerson (2004) reported that “religiosity” is a predictor of moral judgment among students. The proxy for religiosity was church attendance. Students with a higher frequency of church attendance had higher scores in moral judgment. This finding was consistent with other experiments (Siu *et al.* 2000, Smith and Oakley 1996, and Miesing and Preble 1985). In addition, the mixed results across the academic disciplines described above may be explained by prior experiences (e.g., church attendance and service) of the students.

Another factor that may influence the effectiveness of ethics education is prior service experiences of the students. For example, Weber and Glyptis (2000) concluded that community service-learning experiences improved moral judgment. In addition, Kohlberg’s stage theory supports this expectation. Altruistic or service activities should help individuals mature from pre-conventional levels, where moral judgment is motivated by self-interest, to higher levels, where moral judgment is motivated by concern for others (conventional), or by a desire to follow universal ethical principles such as justice and equity (post-conventional, or “principled reasoning”).

METHODOLOGY

Experimental Design

To test these hypotheses, we used a pretest-posttest control group design (Campbell and Stanley 1966) consisting of students in several accounting courses taken during the fall 2004 semester at a small western university. In this design, observations (O) are made in the pretest (O1 and O3), the experimental group is treated (X), and subsequent observations (O2 and O4) are made on each group in the posttest.

	<u>Pretest</u>		<u>Post-test</u>	
Control Group	O1		O2	
Experimental Group	O3	X	O4	

Gain scores, defined as differences between the posttest and pretest observations, are computed (O2-O1, and O4-O3). A significant difference in gain scores between the groups ((O4-O3) – (O2-O1)) implies that the treatment (i.e., the ethics training) caused the difference, assuming that other factors are properly controlled using randomization. Unfortunately, randomly assigning our students to each group was not practical. We recognize that the lack of randomization is a significant but common limitation inherent in experiments with students.

The following table summarizes selected demographics of the students in the experiment:

Table 1: Selected Demographics Of Students In The Experiment

Group (Accounting Courses)	Gender		Attended Church?		Service?	
	Male	Female	Yes	No	Yes	No
Control (Principles, Tax, Intermediate II)	17	4	17	4	14	7
Experimental (Mngt., Cost, Intermediate I, Systems, Audit)	39	21	50	8	51	6
Total number of students	56	25	67	12	65	13

The results of hundreds of intervention studies involving ethics education show that the moral judgment of students can improve significantly. Thus, our expectation was that providing ethics education to our accounting students would improve their moral judgment. Gender, prior church attendance, and prior service involvement were included as variables that may influence effectiveness of ethics education. A difference due to gender is often reported in the ethics research, and is included here for that reason; we have no *a priori* rationale. Church attendance and service are factors outside the formal educational system that may influence moral judgment (Conroy and Emerson 2004, and Weber and Glyptis 2000).

The pretest was administered to all students during the first week of the semester. All of the students had already completed a course that covered ethical issues in business as freshmen or sophomores. The intervention was additional ethics education provided within each accounting course. The content of the ethics education depended on the course. In the systems and auditing courses, the professor reviewed ethical or moral philosophies, including egoism, utilitarianism, deontology, and virtue ethics. In the cost and management accounting courses the professor used end-of chapter ethics vignettes. For example, in cost accounting the vignettes typically focused on temptations to favorably bias an internal performance report for a supervisor. Classroom discussions focused on how to resolve the dilemmas, often by referring to standards of conduct for professional management accountants (Institute of Management Accounting 2000). In intermediate accounting, students developed a code of conduct for the course. The posttest was administered near the end of the semester.

Hypothesis Testing

Bedeau and Thoma (2003:9) report that “DIT scores show significant gains due to moral educational programs of more than three weeks.” In addition, Ferrell *et al.* (2005:109) indicate that “according to his [Kohlberg’s]

model, as people progress through the stages of moral development, and with time, education, and experience, they may change their values and ethical behavior,” and “experience in resolving moral conflicts accelerates an individual’s progress in moral development.” Accordingly, our expectation was that the moral judgment of students would improve after completing the ethics assignments over a 15-week semester. To test this expectation, we computed the gain scores for each student (posttest – pretest), the mean gain scores for the control and experimental groups, and the difference in the mean gain scores of the groups (Campbell and Stanley 1966: 23).

The difference in the mean gain scores was tested using the Wilcoxon signed-rank test at an alpha of 0.05 (Sheskin 2000). A positive difference implied improvement. The formal hypotheses and interpretations are shown below. If the null hypotheses were rejected at an alpha of 0.05, then the moral judgment of the students exposed to ethics assignments during the semester improved significantly.

<u>Hypotheses</u>	<u>Interpretations</u>
Null: Difference ≤ 0	The moral judgment of the students did not improve
Alternative: Difference > 0	The moral judgment of the students improved

To measure the effect of the ethics education, we used the survey instrument developed by Conroy and Emerson (2004). It includes 25 vignettes taken from several validated questionnaires reported in the ethics research literature. (Although the DIT is more widely recognized, there is a fee for using it. The instrument we used was free.) The vignettes covered a variety of unethical behaviors, including expense padding, earnings manipulation for personal gain, fraud, tax evasion, bribery, and questionable safety, environmental, promotion, and employment practices.

After reading each vignette the students indicated the degree to which each behavior was ethically acceptable using a seven-point Likert scale, ranging from “always acceptable” (1), to never acceptable (7). The survey instrument appears in the appendix to this paper.

RESULTS

The ethics education improved the short-term moral judgment of the accounting students. As shown in Tables 2 and 3 and the related figures, the mean gain score of the control group was negative (-.08), the mean gain score of the experimental group was positive (0.07), and the difference in the mean gain scores was significantly positive (0.15, one-tailed $p < 0.003$). These results are consistent with the results of other intervention studies, where the moral judgment of the experimental group increased significantly relative to the comparison group. The moral judgment of college students, including accounting majors, can be improved with ethics education.

These results were sensitive to differences in gender, church attendance, and involvement in service activities. As shown in the tables and figures, the moral judgment of males, students who reported regular prior church attendance, and students who reported a prior community service experience improved relative to the control group. The moral judgment of females, and students with no prior church attendance or service activity did not improve significantly relative to the control group.

Table 2: Pretest, Post-Test, And Gain Scores

Control Group							
Category	N	Pretest		Post-test		Gain	S.Dev.
		Mean	S.Dev.	Mean	S.Dev.		
All	525	5.13	1.844	5.05	1.845	-0.081	1.612
Male	425	5.03	1.850	5.00	1.857	-0.034	1.619
Female	100	5.53	1.772	5.25	1.789	-0.280	1.577
Church	425	5.12	1.840	5.06	1.806	-0.055	1.610
No Church	100	5.17	1.970	4.98	2.010	-0.190	1.625
Service	350	5.24	1.814	5.24	1.895	-0.004	1.701
No Service	175	4.90	1.89	4.67	1.683	-0.234	1.409
Experimental Group							
All	1497	5.39	1.747	5.46	1.791	0.074	1.467
Male	974	5.23	1.833	5.38	1.869	0.153	1.512
Female	523	5.69	1.530	5.61	1.627	-0.074	1.369
Church	1247	5.41	1.738	5.55	1.741	0.141	1.390
No Church	200	5.34	1.784	4.90	1.97	-0.445	1.845
Service	1272	5.34	1.759	5.49	1.778	0.145	1.391
No Service	150	5.49	1.794	4.85	1.986	-0.640	2.004

Table 3: Difference In Gain Scores

Category	Difference In Gain Score	Standard Error	Z	P	Sig.
All	0.155	0.076	-2.728	0.003	*
Male	0.187	0.090	-2.729	0.003	*
Female	0.206	0.153	-1.592	0.056	
Church	0.196	0.081	-2.742	0.002	*
No Church	-0.255	0.217	-0.787	0.785	
Service	0.149	0.088	-2.057	0.020	*
No Service	-0.406	0.190	-2.123	0.983	

*one-tailed p < 0.05 (Wilcoxon Signed-Rank Test)

Figure 1: Control Group

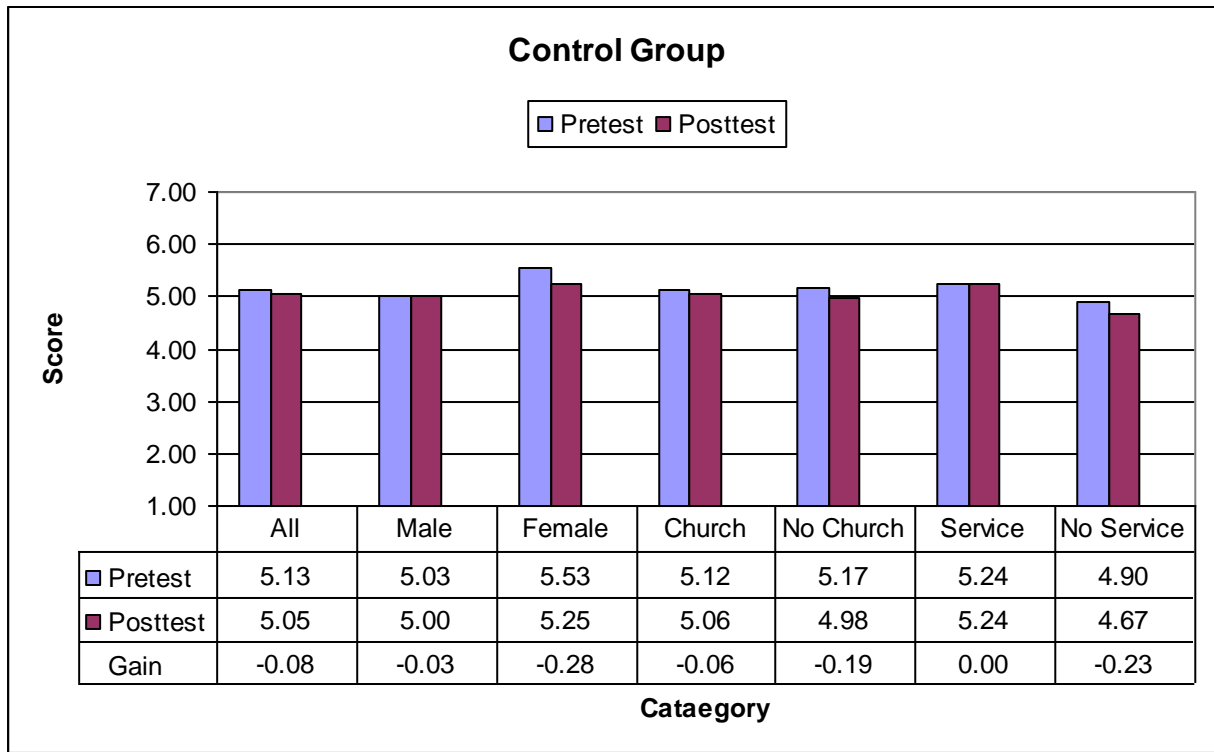


Figure 2: Experimental Group

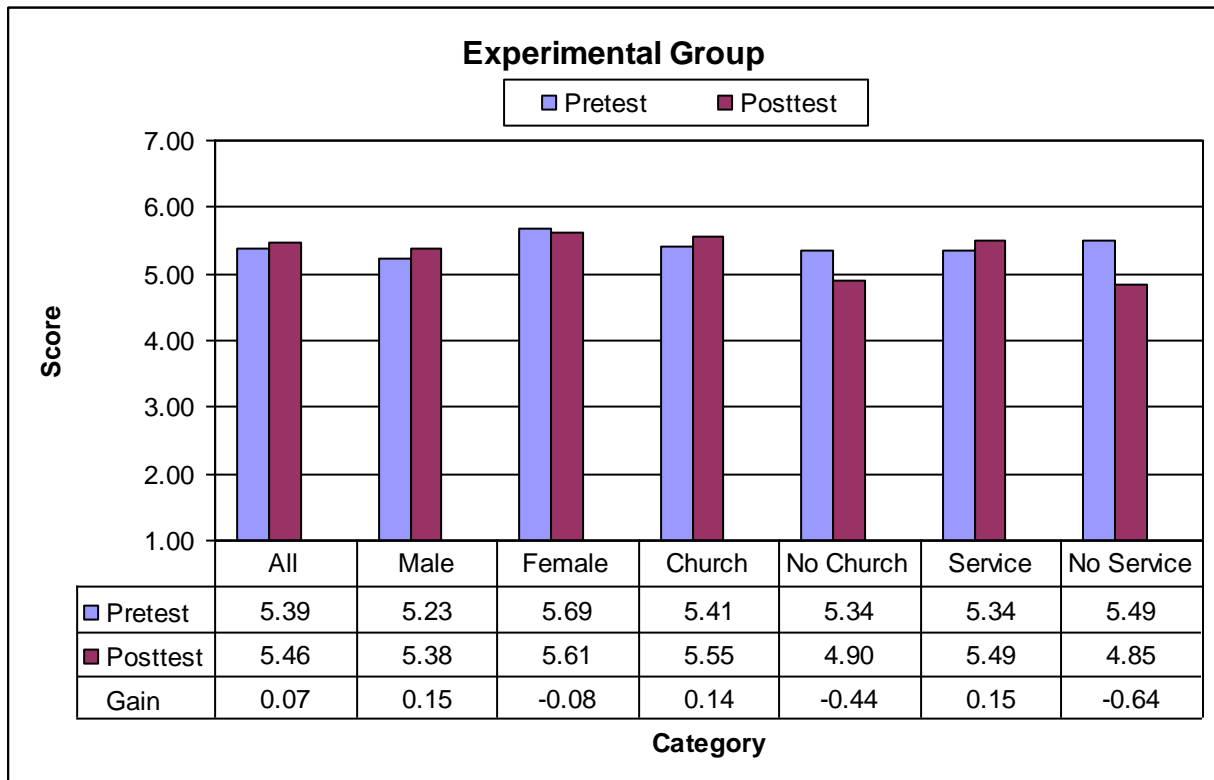
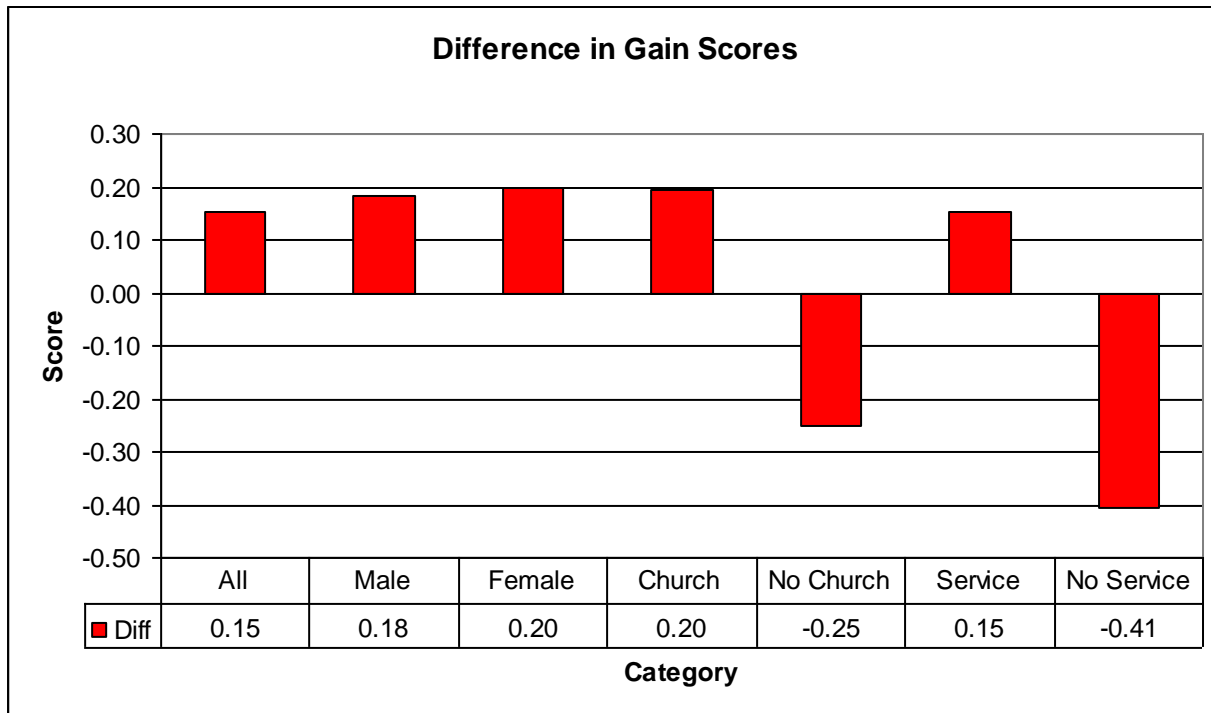


Figure 3: Difference In Gain Scores



DISCUSSION

Our results are consistent with other intervention studies. Moral education during the college years works. Based on a meta-analysis of 172 studies using the DIT, King and Mayhew (2002:248) report that “dramatic gains in moral judgments are associated with collegiate participation.” In our experiment, classroom interventions in the form of short ethics lectures and discussions of ethical dilemmas significantly increased the moral judgment scores.

Based on this result, ethical education across the accounting curriculum appear to be an effective way to increase the moral reasoning of accounting students. This conclusion supports the recommendation of Armstrong (1993) who advocates that ethics be taught both in existing accounting courses with case studies (as done in our experiment) and in separate courses at the start and end of the accounting curriculum. In the curriculum at our school, all students are required to take one course with a significant ethics component before starting the courses in their major.

The results were sensitive to prior church attendance, prior community service experience, and gender differences. Our results were consistent with the gender differences reported on DIT studies, where the average scores of females are higher than the average scores of males. However, we found that the moral judgment of the females did not increase significantly ($p = 0.056$). It may be that the males had more service involvement than the females and were more influenced by the ethics training. Many of our male students have completed a two-year mission experience for their church. The mission experience included mandatory community service each week. In comparison, few of our female students had a mission experience. We speculate that the mission experience of the males contributed to the difference in the gain scores. Unfortunately, our small sample size prevents us from formally testing this possibility. However, the mean pretest score of our students was significantly larger than the mean score of students tested on the same instrument by Conroy and Emerson (2004), suggesting that our students were at a higher level of ethical awareness. A possible explanation for the difference is the mission experience.

CONCLUSION

The credibility of the accounting profession is under attack. Some authors have suggested that the ethics education provided to accounting students is inadequate (Albrecht and Sack 2000, Madison 2002, Etzioni 2002), and call for a renewed emphasis in the accounting curriculum. Our experiment shows that ethics education in the form of ethics lectures and discussions of short ethical dilemmas during the semester can significantly improve the moral judgment of accounting students, especially those with prior church or service experiences.

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ETHICAL AWARENESS QUESTIONNAIRE

Instructions: Please indicate the degree to which you feel the behavior described in each vignette is ethically acceptable by circling the appropriate number on the seven-point scale, where 1 = always acceptable and 7 = never acceptable.

Vignette	Please Circle One						
1. An executive earning \$100,000 a year padded his expense account by about \$3,000 a year.	1	2	3	4	5	6	7
2. In order to increase profits of the firm, a general manager used a production process that exceeded legal limits for environmental pollution.	1	2	3	4	5	6	7
3. Because of pressure from his brokerage firm, a stockbroker recommended a type of stock that he did not consider to be a good investment.	1	2	3	4	5	6	7
4. A small business received one-fourth of its gross revenue in the form of cash. The owner reported only one-half of the cash receipts for income tax purposes.	1	2	3	4	5	6	7
5. A company paid a \$350,000 “consulting” fee to an official of a foreign country. In return, the official promised assistance in obtaining a contract that will produce \$10 million profit for the contracting firm.	1	2	3	4	5	6	7
6. A company president found that a competitor had made an important scientific discovery that would sharply reduce the profits of his own company. He then hired a key employee of the competitor in an attempt to learn the details of the discovery.	1	2	3	4	5	6	7
7. A highway-building contractor deplored the chaotic bidding situation and cutthroat competition in his industry. He therefore reached an understanding with other major contractors to permit bidding which would provide them with a reasonable profit.	1	2	3	4	5	6	7
8. A company president recognized that sending expensive Christmas gifts to purchasing agents might compromise their position. However, he continued the policy since it was common practice and changing it might result in a loss of business.	1	2	3	4	5	6	7
9. A corporate director learned that his company intended to announce a stock split and increase its dividend. On the basis of this information, he bought additional shares and then following the announcement sold them for a gain.	1	2	3	4	5	6	7
10. A corporate executive promoted a loyal friend and competent manager to the position of divisional vice president in preference to a better-qualified manager with whom he had no close personal ties.	1	2	3	4	5	6	7
11. An engineer discovered what he perceived to be a product design flaw that constituted a safety hazard. His company declined to correct the flaw. The engineer decided to keep quiet, rather than taking his complaint outside the company.	1	2	3	4	5	6	7
12. A comptroller selected a legal method of financial reporting which concealed some embarrassing financial facts that would otherwise have become public knowledge.	1	2	3	4	5	6	7
13. An employer received application for a supervisor’s position from two equally qualified applicants but hired the male applicant because he thought that some employees might resent being supervised by a female.	1	2	3	4	5	6	7
14. As part of the marketing strategy for a product, the producer changed its color and marketed it as “new and improved,” even though its other characteristics were unchanged.	1	2	3	4	5	6	7
15. Facing large clean-up costs, a mining company that produces arsenic as a by-product of its regular operations hired research consultants to show that the safe level of arsenic in drinking water is higher than previously believed.	1	2	3	4	5	6	7

16. An owner of a small business firm obtained a free copy of a copyrighted computer software program from a business friend rather than spending \$500 to obtain his own program from the software dealer.	1	2	3	4	5	6	7
17. Jack is a used car salesman who was under pressure from his boss to increase sales in order for the company to survive. In response, he began rolling back odometers and using high-pressure sales tactics.	1	2	3	4	5	6	7
18. Lester is editor of the Daily Paper, which was running an expose article about defective products being sold by local businesses. One of the owners of these businesses, Shoes, Inc., called Lester and threatened to pull out his advertising in the Daily Paper if the expose mentioned his story by name. Lester agreed to remove the “Shoes, Inc., name from the article.	1	2	3	4	5	6	7
19. Pears, Inc., a large computer manufacturer recently introduced a new line of computers that made their existing line functionally obsolete. Pears, Inc. decided to donate the obsolete computer inventory to a local school district and in so doing, Pears, Inc. received a tax break and improved its image on social responsibility.	1	2	3	4	5	6	7
20. Dean is a purchasing agent who has the final say on which suppliers his firm will buy from. Dean let it be known that when price and other things were equal, his purchasing decisions could be swayed by receipt of an “appropriate” gift.	1	2	3	4	5	6	7
21. Martha is a new sales representative who is taking over a sales territory in which her firm has been unsuccessful in landing a very large client, Giant, Inc. Determined to make the sale, Martha decided to violate company policy and pay for a gift to Giant, Inc.’s manager.	1	2	3	4	5	6	7
22. The board of directors of TTT, Inc., recently approved a policy earmarking 7.5 percent of its profits for corporate giving. Because of this corporate giving, the dividends to the stockholders of the firm will be reduced.	1	2	3	4	5	6	7
23. The design department of XYZ Child Corporation recently developed a new, lighter weight baby carrier. The new design is less expensive to manufacture, but has a slightly higher risk of handle collapse which could cause injury to children. XYZ decided to produce and market the carrier anyway.	1	2	3	4	5	6	7
24. An electricity producer decided not to upgrade a smokestack scrubber since its releases are still within the legal limits and the upgrade would reduce profits by 10 percent.	1	2	3	4	5	6	7
25. A factory that makes very loud noise during production located next to a residential neighborhood, because land costs were lower there.	1	2	3	4	5	6	7

Demographics	Please Circle One	
1. Please indicate your gender	Male	Female
2. Do you generally attend church weekly?	Yes	No
3. Have you had any significant community service experience?	Yes	No
4. Please enter your full name		