

Measuring Growth in Ethical Discernment Among Upper-Level Accounting Students: Educational Interventions

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Effective instruction produces growth in knowledge or movement of perceptions in a desirable direction. Ethics education is emphasized in accounting curricula, but measuring growth or movement is a challenge. The ARBC instrument measures student perceptions of ethical conduct using real-world vignettes. ARBC compared students in Auditing and MAcc classes to students in introductory Finance and Accounting Principles classes, benchmarked against experienced businesspeople and a reference group representing society. Perceptions of Auditing and MAcc students were far more similar to the business panel than the perceptions of the Finance and Principles students, with overall movement in desirable directions.

Keywords: ethics, measurement, assurance of learning, accounting ethics, ethical perceptions, ARBC, action research, assessment instrument

INTRODUCTION

As in accounting practice, ethics is being emphasized across most universities and in the accounting curriculum. Institutions of higher learning have always been important in helping prepare future professionals to enter the workforce. Since the early 2000s accounting scandals at Enron, WorldCom, Tyco, etc., the business community has heightened awareness of ethical lapses and how they can impact the financial well-being of an organization. To attest to the importance of ethics in the accounting sector, state regulatory boards have increasingly required an ethics component as part of the continuing education requirement for licensed CPAs. Thus, it is important for accounting educators to do what they can to help promote ethical thinking and begin the process of incorporating a lifelong awareness of ethics.

It is helpful when embarking on such an important task as promoting ethical thinking to have an understanding of where students may be in this regard. That is where the research in this paper can be beneficial. This research highlights that accounting majors in their fourth year of study and in an Auditing class seem to have progressed their ethical discernment closer to a panel of experienced business professionals, as indicated by responses to survey of acceptable business practices. These senior accounting majors show less tolerance toward unacceptable business practices than shown by business students in their third year in a finance course or in their second year in an accounting principles course, or in comparison to the responses of a reference group recruited through the Amazon MTurk crowdsourcing marketplace. The perceptions of MAcc students also demonstrate substantial differences in a positive direction compared

to the principles students, the finance Students, and the MTurk panel. Even though the senior accounting majors and MAcc students show some differences with the Business Panel, they are much closer to the Business Panel in their results than the students in a third-year finance course or a second-year accounting principles course. In addition, the fourth year accounting majors and MAcc students by their recorded responses are also clearly less tolerant all the way around than the MTurk reference group. This result is desirable for the topic areas posing ethical challenges, but poses some interesting issues concerning those topics intended to describe acceptable conduct.

METHODS FOR ASSESSING ETHICAL PERCEPTIONS

The Bedford Committee report (1986) stated “Professional accounting education must not only emphasize the needed skills and knowledge, it must also instill the ethical standards and the commitment of a professional”. AACSB accreditation standards expect that bachelor’s degree programs and higher address ethical understanding and reasoning (able to identify ethical issues and address the issues in a socially responsible manner (AACSB Business Standard, 2020). Pincus Stout Sorensen Stocks and Lawson (2017) observe that there is compelling evidence of strong forces for change in higher education, but Rebele and St. Pierre (2015) contend that there is much stagnation in accounting education research.

Ethics instruction has been incorporated into business curricula for decades, but it has not been demonstrated that such instructional efforts have effectively improved ethical standards. Eynon Hill and Stevens (1997) and Metzger (2005) discuss the factors, cognitive issues and constraints that may complicate teaching ethics in formal education. Cohen and Pant (1991), and Cohen Pant and Sharpe (1993, 1995, 1996, 2001) are among those who contend that it is important to measure ethical awareness related to the profession of accounting. Murphy and Boatright (1994) suggest that the case for teaching business ethics would be strengthened by quantitative assessments proving their effectiveness and such assessments could shape content and presentation in ethics instruction. Mumford Steel & Watts (2015) support the need for systematic evaluation of ethics education, and Convery & Outsley (2012) and Nguyen Basuray Kopka & McCulloh (2012) illustrate ethics assessment as part of an assurance of learning program. Frank Ofobike and Gradisher (2010) contend that many accounting professors are ill-prepared or uncertain about how best to teach accounting ethics, which would suggest that techniques to improve the effectiveness of ethics education should be welcome.

Several studies over the past three decades (including Roderick Jelley Cook & Forcht 1991, Johnson & Beard 1992, Glenn & Van Loo 1993, Cole & Smith 1995, Paisey & Paisey 2004) have indicated that the perceptions of university students regarding the ethical acceptability of business conduct do not indicate a solid grounding in ethical principles. Students responded less ethically than practitioners in those studies, indicating that business students may not have the ethical standards needed in business practice.

Dellaportas (2006) shows a specific intervention using dilemmas significantly and positively impacts student moral reasoning. Dellaportas notes Rest (1986, 1988) which shows that formal higher education improves cognitive moral reasoning, with Rest (1986) indicating discussion via dilemmas are most effective. McCuddy and Peery (1996) indicated that people can be “socialized” to think differently ethically, which proposes that academia should expose students to desirable values and expectations.

Alexander and Becker (1978) utilized vignettes, defined as systematically elaborated descriptions of concrete situations, in their research into respondent opinions and showed that vignettes produced more valid and reliable measures of opinion compared to results from opinion surveys. O’Dell, Crafter, de Abreu, and Cline (2012) discussed the enhanced interest in the use and relevancy of vignettes. O’Dell, et al. (2012) provided examples of research designs that incorporated vignettes, such as surveys, questionnaires, and interviews, in which the researcher can explore individual’s views. Vignettes allow participants to deal with sensitive information and disclose information less-threateningly. The authors note that the focus with vignettes is not on what an individual would do in a specific situation, but rather on their subjective feelings and perceptions.

Concerning accounting majors, Black and White (2012) suggest that status as an accounting major may lead to less tolerance of the unethical behavior portrayed in the vignettes. Cohen and Pant (1991) state that

CPAs perceive the AICPA Code of Professional Conduct (“Code”) as effective in improving ethical behavior for accountants. Green and Weber (1997) showed that an auditing course emphasizing the Code can influence student ethical behavior. Students in an auditing course that addressed the Code reflected higher reasoning levels, whereas no differences previously existed. Mele’ (2005) showed the Code is most effective when it is interrelated with values and virtues in stimulating ethical behavior in accountants. Dolfsma (2006) states that accounting professors think more ethically, and by teaching accounting as connected to ethics, they stimulate students to act ethically.

Earley and Kelly (2004) studied interventions used in an undergraduate auditing course and found ethical interventions can impact content-specific moral reasoning in students. Jeffrey (1993) showed accounting majors had a higher level of moral development, and senior students showed higher reasoning levels.

Ziegenfuss and Singhapakdi (1994) showed that the Code can influence auditor’s perceptions of ethical problems positively. O’Leary (2009) examined how ethics is taught to trainee auditors to determine whether certain ethical instruction techniques can be more effective. All groups showed more ethical responses to scenarios after instruction, with active techniques indicating higher effectiveness.

Radke (2004) found that using vignettes effectively assessed ethical decision-making in accounting situations by heightening awareness of workplace conditions. Cagle, Glasgo, and Holmes (2008) addressed whether ethics should be part of the curriculum in Finance classes, as financial impropriety seems to be at the center of many ethical lapses. They utilized ethics vignettes in an introductory Finance class to test whether it was an effective means to teach ethics.

ACTION RESEARCH IN ACCOUNTING EDUCATION

Cunningham (2008) suggests that action research assists in answering the questions “how do we accomplish student success?” and “How do we know when we have succeeded?”. Action research is “a family of approaches that integrate theory and action to address important organizational, community and social issues together with those who experience them” (Coghlan and Brydon-Miller 2014). Curtis (2017) indicates that action research occurs within real-world contexts, relates to the practice of the action researcher (e.g., educational, research, or professional), involves attempts to improve practice and solve real-world problems, involves reflection, and is an iterative/cyclical process. In the categories presented by Nielsen (2014), improving instructional effectiveness fits into the category of action research praxis. Quoting Nielsen, “a focus on appropriate means of acting, doing action research as a developmental end in itself joined with the developmental ends/outcomes of action research activities and projects . . . on action research method (sic) that jointly makes the action researcher and the world developmentally better”.

Cunningham (2008) lists the following characteristics that commonly define action research:

- The researcher’s practice is the subject of the research.
- It is intended to achieve both action (in the form of data-driven change) and research (to develop an understanding that prompts ongoing change or improvement, and to add to what is known).
- It is cyclic, with later cycles used to challenge and refine the results of earlier cycles.
- It tends to be qualitative and participative.
- It requires critical self-reflection. The researcher regularly and systematically critiques what he or she is doing during the research process, leading to refined questions, action plans, methods, and new understanding.

In contrast to traditional hypothesis-testing research, action research uses the researcher as an active participant interacting with the setting being investigated. The researcher’s values influence the direction of the change interventions in the setting (Cunningham 2008), leading to a subjective research design that can evolve upon evaluation. The research and its results are specific to the setting and cannot be generalized to other settings, but the research process can be generalized.

Paisey and Paisey (2005) suggest that action research methods can systematically improve educational practices within accounting, consistent with the continuous improvement and promotion of scholarly activity accreditation standards of the Association to Advance Collegiate Schools of Business (AACSB)¹. Curtis (2017) provides a conceptual framework for action research, and illustrates the application of action research methods to improve instruction in an introductory accounting course. Others suggesting the use of action research in accounting education include Kelly Davey and Haigh (2000), Richardson (2004), Paisey and Paisey (2005), Baker and Logan (2006), and Cunningham (2008), while Baker (2000), and Avison Davison and Malaurent (2017) discuss the application of action research methods in information systems contexts, identifying 120 articles demonstrating empirical action research in leading information systems journals.

Summary Description of ARBC Instrument

The Action Research into Business Conduct (ARBC) instrument is an online assessment of perceptions regarding a selection of situations which may involve ethical challenges or issues. It is freely available from the Truist Center for Ethical Leadership at the University of North Georgia (<https://ung.edu/center-ethical-leadership/faculty-research.php>), upon application to the project team. All individuals and organizations are affected by business conduct, so the use of the ARBC does not have to be limited to accounting or business classes. The ARBC is not intended to be a tool to teach ethics, but rather a way for instructors to evaluate the effectiveness of instruction related to ethics. Table 1, below, summarizes the topical areas in which vignettes are classified.

Subjects are shown a series of vignettes (snapshots) randomly selected from pools of vignettes organized into 16 topical areas, and asked to evaluate how acceptable is the described conduct. Responses are collected on a seven-point Likert scale, with 1 regarded as completely unacceptable, 4 as neutral, and 7 as completely acceptable. Weijters, Cabooter, and Schillewaert (2010) suggest using seven-point scales with individuals high in cognitive ability, verbal skills, or experienced in questionnaires. College students fall into the above group that should utilize a seven-point scale. The vignettes expand on those used in prior research, most notably Conroy & Emerson (2004, 2008, 2010), Conroy, Emerson & Pons (2010), Emerson & Conroy (2004), Emerson, Conroy & Stanley (2007), and Black & White (2012). Varying from prior research, several vignettes in two topic areas in the ARBC pool were deliberately developed to not pose ethical challenges, and those will serve as control questions to assure that respondents are reflecting upon their selections. Table 1, below, summarizes the topical areas in which vignettes are classified. Subjects typically complete the assessment in 10 to 15 minutes.

Subject responses are compiled for a class or other research group, and compared to the responses of a reference group of business practitioners and academics with substantial real-world experience (the Business Panel). Student responses are also compared to those of a panel of individuals with college degrees but no specified business experience (the MTurk panel). Differences in perceptions between the subject group and the reference group can be used to inform ethics instruction by highlighting topical areas where additional instructional effort might be required. Using the ARBC instrument in a longitudinal assessment (see Arlow and Ulrich 1988, or Murphy and Boatright 1994) would further allow the instructor to evaluate whether an ethics instructional intervention produced changed perceptions and whether those changes were in a desirable direction. The specific instructional interventions and evaluation of the desirability of the demonstrated differences and changes are left to the instructor's discretion – ARBC simply provides a measurement tool that can provide insights into instructional effectiveness. It can be used within a single course, or to evaluate changes in perceptions over an academic year or undergraduate career.

TABLE 1
LIST OF TOPIC AREAS

Topic Areas with Ethical Challenges	Topical Areas Not Posing Challenges (Controls)
Bid Rigging and Anti-Competitive Actions (1 q)	Acceptable Conduct (2 q)
Compensation Policies (1 q)	Financial Accounting and Reporting (1 q)
Confidential & Insider Information (1 q)	
Conflict of Interest (1 q)	
Foreign Corrupt Practices Act “FCPA” (1 q)	
Intellectual Property and Snooping (1 q)	
Market Research (1 q)	
Marketing Puffery or Deception (1 q)	
Other Involvements (1 q)	
Pollution and Environment (1 q)	
Pricing and Costing (2 q)	
Self-Enrichment (1 q)	
Sexism, Favoritism, and Nepotism (1 q)	
Tone at the Top (1 q)	

The ARBC instrument is designed to protect student privacy, minimize confounding effects from re-using vignettes in longitudinal assessment, and provide useful results. Instructors register the class for the assessment and provide student email addresses so the students can be sent the link to the assessment site, facilitating follow-up to encourage student participation. Student responses are aggregated, and summary information is sent to the instructor, including how the responses compare to the reference group responses. If students take a follow-up assessment, they will be shown different snapshots covering the same categories of conduct, and follow-up assessment summaries can be used to measure change in perceptions.

The ARBC instrument may also be useful in providing evidence of assurance of learning, perhaps through longitudinal assessment involving administration at the inception of a program of study and near the conclusion of that program. The developers of the ARBC instrument suggest that effective ethics instruction during a program should produce movement of perceptions in desired directions, and the ARBC instrument can highlight areas of success and where modification of instructional methods may be advisable. An instructor’s guide for using the ARBC instrument is available on request.

Illustration of the Application of the ARBC Instrument in an Instructional Setting

The ARBC instrument is designed to evaluate levels of ethical awareness and changes in those levels after ethical intervention. To illustrate one way that the ARBC instrument could be useful in confirming assurance of learning regarding ethical awareness, the balance of this manuscript describes the application of ARBC and the interpretation of its results. In the current research, the instrument was applied at a single point in time to students at regional universities, evaluating differences between the ethical perceptions of introductory accounting students, students taking their first course in Finance, upper division accounting students, and Masters of Accountancy students. Those student perceptions were compared to the Business Panel responses and the responses of the MTurk control group.

Jeffrey (1993) examined differences in moral development across different majors and between lower division and senior students, and found that accounting majors displayed higher levels of moral development than non-accounting majors, and that senior-level students displayed higher levels of moral development than lower-division students.

DATA ANALYSIS

In reviewing the results from administering the ARBC instrument, the student responses were compared to 54 business professionals (Business Panel) and 100 other individuals (MTurk Ref Group) for the 16 topic areas of interest. The MTurk reference group was recruited through the Amazon MTurk crowdsourcing marketplace, with qualifications specified as college graduate status and MTurk Masters designation, while the Business Panel was recruited through professional relationships and industry contacts. The MTurk reference group can be viewed as representative of society in general with socio-economic and ethnic diversity (Casler, Bickel, and Hackett 2013), while the Business Panel can be viewed as representing persons with 10 or more years of business experience.

Each student group varied in the number of participants from 34 – 175 students. The student groups came from multiple universities and responses were aggregated over multiple semesters.

The groups that show the most promise when evaluating the ability of educators to impact ethical thinking are the senior level accounting majors, as surveyed during an Auditing course, and the MACC group discussed below. This first group is referred to as the AUD group. A second group in this analysis comprised Masters of Accountancy Students (the MACC group), who had completed at least the Accounting Theory core course in their program of study. The third group consists of junior level students from all business majors surveyed during a Finance course, referred to as the FIN group. The fourth group of students consists of sophomore level students from all business majors surveyed during Accounting principles courses, referred to as the PRIN group.

Table 2 summarizes results by topic area compared to the Business Panel, while Table 3 summarizes results by topic area compared to the MTurk reference group. Mean results for each group in each topic area were subtracted from the mean value for the Business Panel (Table 2) or the MTurk reference group (Table 3). T-tests for mean differences were utilized to identify statistically significant differences. Appendix A provides an example vignette from each of the 16 topic areas. For the 14 topic areas constructed to pose ethical challenges, a negative mean difference is regarded as unfavorable when compared to the Business Panel, as that indicates that the comparison group was more tolerant of the described conduct than the Business Panel, while a positive mean difference would be regarded as favorable. For the two topic areas constructed as control areas, a positive mean difference is regarded as favorable (more tolerant) and a negative mean difference as unfavorable (less tolerant). Comparisons to the MTurk reference group in Table 3 are similarly evaluated, with less tolerance than the reference group regarded as favorable for the 14 ethical challenge areas and more tolerance than the reference group viewed as favorable compared to the two control areas.

A comparison of the Business Panel responses and the MTurk responses reveals clear differences between the two reference groups. The Business Panel responses showed statistically significant ($\alpha=0.001$) favorable differences in 11 of the 16 topic areas, including control areas and the seven areas viewed as least acceptable by the business panel. The only topic areas without statistically significant differences were Compensation Policies, Pricing and Costing, Conflict of Interest, Market Research, and Other Involvements.

**TABLE 2
COMPARISON TO BUSINESS PANEL**

Topic Area	Panel		MACC		AUD		FIN		PRIN		Mturk Ref Group	
	Mean	Diff.	Mean	Diff.	Mean	Diff.	Mean	Diff.	Mean	Diff.	Mean	Diff.
Foreign Corrupt Practices Act (FCPA)	1.96	2.62 (0.66) *	2.22 (0.27)		3.06 (1.10) ***	2.99 (1.04) ***	2.99 (1.04) ***	3.17 (1.21) ***			3.17 (1.21) ***	
Pollution and Environment	1.99	1.95 0.04	1.75 0.24		2.27 (0.28)	2.00 (0.01)	2.00 (0.01)	2.48 (0.49) ***			2.48 (0.49) ***	
Marketing Puffery or Deception?	2.02	3.28 (1.26) ***	2.76 (0.75) **		3.50 (1.48) ***	3.33 (1.31) ***	3.33 (1.31) ***	3.29 (1.27) ***			3.29 (1.27) ***	
Self-Enrichment	2.05	2.65 (0.60)	2.03 0.02		2.70 (0.65) **	3.04 (0.99) ***	3.04 (0.99) ***	3.46 (1.40) ***			3.46 (1.40) ***	
Sexism, Favoritism and Nepotism	2.34	2.45 (0.11)	1.86 0.48 *		2.55 (0.21)	2.63 (0.28) *	2.63 (0.28) *	3.03 (0.69) ***			3.03 (0.69) ***	
Confidential & Insider Information	2.45	3.02 (0.57)	2.76 (0.30)		3.73 (1.28) ***	3.84 (1.39) ***	3.84 (1.39) ***	3.91 (1.46) ***			3.91 (1.46) ***	
Tone at the Top	2.65	2.81 (0.16)	2.18 0.47 *		3.15 (0.50) *	3.32 (0.67) ***	3.32 (0.67) ***	3.42 (0.77) ***			3.42 (0.77) ***	
Compensation Policies	2.67	1.82 0.85 **	1.82 0.85 ***		2.34 0.33	2.57 0.10	2.57 0.10	2.54 0.13			2.54 0.13	
Intellectual Property and Snooping	2.68	3.24 (0.56)	2.51 0.17		3.47 (0.79) ***	3.55 (0.86) ***	3.55 (0.86) ***	3.85 (1.17) ***			3.85 (1.17) ***	
Pricing and Costing	2.73	2.29 0.43	2.17 0.56 **		2.41 0.32	2.52 0.20	2.52 0.20	2.87 (0.14)			2.87 (0.14)	
Bid Rigging and Anti-Competitive Action	2.94	3.79 (0.86) *	4.19 (1.25) ***		4.41 (1.47) ***	4.56 (1.62) ***	4.56 (1.62) ***	5.13 (2.19) ***			5.13 (2.19) ***	
Conflict of Interest	2.95	1.86 1.09 ***	1.78 1.17 ***		2.88 0.07	2.78 0.17	2.78 0.17	2.97 (0.02)			2.97 (0.02)	
Market Research	4.71	4.21 0.50	4.11 0.60 *		4.00 0.71 **	4.19 0.52 **	4.19 0.52 **	5.01 (0.29)			5.01 (0.29)	
Other Involvements	4.81	3.85 0.96 **	3.44 1.37 ***		4.37 0.44 *	4.37 0.44 *	4.37 0.44 *	4.71 0.09			4.71 0.09	
Financial Accounting and Reporting	4.89	3.64 1.25 **	3.55 1.34 ***		3.20 1.69 ***	3.13 1.76 ***	3.13 1.76 ***	3.66 1.23 ***			3.66 1.23 ***	
Acceptable Conduct	6.53	5.28 1.25 ***	5.37 1.17 ***		5.41 1.13 ***	5.44 1.09 ***	5.44 1.09 ***	6.12 0.42 ***			6.12 0.42 ***	

*** = significant at 0.001, ** = significant at 0.01, * = significant at 0.05

**TABLE 3
COMPARISON TO MTURK REFERENCE GROUP**

Comparison to Mturk Ref Group	Business Panel			MACC			AUD			FIN			PRIN			Mturk Ref Group	
	Mean	Diff.	Signif?	Mean	Diff.	Signif?	Mean	Diff.	Signif?	Mean	Diff.	Signif?	Mean	Diff.	Signif?	Mean	Signif?
Foreign Corrupt Practices Act (FCPA)	1.96	1.21	***	2.62	0.55		2.22	0.94	***	3.06	0.11		2.99	0.17		3.17	
Pollution and Environment	1.99	0.49	***	1.95	0.53		1.75	0.73	***	2.27	0.22		2.00	0.48	***	2.48	
Marketing Puffery or Deception?	2.02	1.27	***	3.28	0.02		2.76	0.53	*	3.50	(0.20)		3.33	(0.03)		3.29	
Self-Enrichment	2.05	1.40	***	2.65	0.80	*	2.03	1.42	***	2.70	0.75	***	3.04	0.42	*	3.46	
Sexism, Favoritism and Nepotism	2.34	0.69	***	2.45	0.58		1.86	1.17	***	2.55	0.48	*	2.63	0.40	**	3.03	
Confidential & Insider Information	2.45	1.46	***	3.02	0.88	*	2.76	1.15	***	3.73	0.18		3.84	0.06		3.91	
Tone at the Top	2.65	0.77	***	2.81	0.61		2.18	1.24	***	3.15	0.27		3.32	0.10		3.42	
Compensation Policies	2.67	(0.13)		1.82	0.72	**	1.82	0.72	**	2.34	0.20		2.57	(0.03)		2.54	
Intellectual Property and Snooping	2.68	1.17	***	3.24	0.61		2.51	1.34	***	3.47	0.38		3.55	0.31		3.85	
Pricing and Costing	2.73	0.14		2.29	0.57	*	2.17	0.70	***	2.41	0.46	**	2.52	0.34	*	2.87	
Bid Rigging and Anti-Competitive Actions	2.94	2.19	***	3.79	1.33	***	4.19	0.94	***	4.41	0.72	**	4.56	0.57	**	5.13	
Conflict of Interest	2.95	0.02		1.86	1.10	***	1.78	1.19	***	2.88	0.08		2.78	0.19		2.97	
Market Research	4.71	0.29		4.21	0.80	**	4.11	0.90	***	4.00	1.01	***	4.19	0.82	***	5.01	
Other Involvements	4.81	(0.09)		3.85	0.87	*	3.44	1.28	***	4.37	0.34		4.37	0.34	*	4.71	
Financial Accounting and Reporting	4.89	(1.23)	***	3.64	0.01		3.55	0.11		3.20	0.46	*	3.13	0.52	**	3.66	
Acceptable Conduct	6.53	(0.42)	***	5.28	0.84	***	5.37	0.75	***	5.41	0.71	***	5.44	0.67	***	6.12	

*** = significant at 0.001, ** = significant at 0.01, * = significant at 0.05 Yellow = Favorable difference, Blue = Unfavorable

**TABLE 4
COMPARISON TO STUDENTS IN AUDITING CLASSES**

Comparison to AUD Group	AUD			MACC			FIN			PRIN		
	Mean			Mean	Diff.	Signif?	Mean	Diff.	Signif?	Mean	Diff.	Signif?
Foreign Corrupt Practices Act (FCPA)	2.22			2.62	(0.39)		3.06	(0.83)	***	2.99	(0.77)	***
Pollution and Environment	1.75			1.95	(0.20)		2.27	(0.52)	*	2.00	(0.25)	
Marketing Puffery or Deception?	2.76			3.28	(0.51)		3.50	(0.73)	*	3.33	(0.56)	*
Self-Enrichment	2.03			2.65	(0.62)		2.70	(0.67)	*	3.04	(1.01)	
Sexism, Favoritism and Nepotism	1.86			2.45	(0.59)		2.55	(0.69)	**	2.63	(0.77)	***
Confidential & Insider Information	2.76			3.02	(0.27)		3.73	(0.97)	**	3.84	(1.09)	***
Tone at the Top	2.18			2.81	(0.63)		3.15	(0.96)	***	3.32	(1.14)	***
Compensation Policies	1.82			1.82	(0.01)		2.34	(0.52)	*	2.57	(0.75)	***
Intellectual Property and Snooping	2.51			3.24	(0.73)		3.47	(0.96)	**	3.55	(1.04)	***
Pricing and Costing	2.17			2.29	(0.13)		2.41	(0.24)		2.52	(0.36)	
Bid Rigging and Anti-Competitive Actions	4.19			3.79	0.39		4.41	(0.22)		4.56	(0.37)	
Conflict of Interest	1.78			1.86	(0.09)		2.88	(1.10)	***	2.78	(1.00)	***
Market Research	4.11			4.21	(0.10)		4.00	0.11		4.19	(0.08)	
Other Involvements	3.44			3.85	(0.41)		4.37	(0.93)	**	4.37	(0.93)	**
Financial Accounting and Reporting	3.55			3.64	(0.09)		3.20	0.35		3.13	0.42	
Acceptable Conduct	5.37			5.28	0.09		5.41	(0.04)		5.44	(0.08)	

*** = significant at 0.001, ** = significant at 0.01, * = significant at 0.05

**TABLE 5
COMPARISON TO MASTERS OF ACCOUNTANCY STUDENTS**

Comparison to MACC Group	MACC			AUD			FIN			PRIN		
	Mean			Mean	Diff.	Signif?	Mean	Diff.	Signif?	Mean	Diff.	Signif?
Foreign Corrupt Practices Act (FCPA)	2.62			2.22	0.39		3.06	(0.44)		2.99	(0.38)	***
Pollution and Environment	1.95			1.75	0.20		2.27	(0.32)		2.00	(0.05)	
Marketing Puffery or Deception?	3.28			2.76	0.51		3.50	(0.22)		3.33	(0.05)	*
Self-Enrichment	2.65			2.03	0.62		2.70	(0.05)		3.04	(0.39)	
Sexism, Favoritism and Nepotism	2.45			1.86	0.59		2.55	(0.10)		2.63	(0.18)	***
Confidential & Insider Information	3.02			2.76	0.27		3.73	(0.71)		3.84	(0.82)	***
Tone at the Top	2.81			2.18	0.63		3.15	(0.34)		3.32	(0.51)	***
Compensation Policies	1.82			1.82	0.01		2.34	(0.51)	*	2.57	(0.74)	***
Intellectual Property and Snooping	3.24			2.51	0.73		3.47	(0.23)		3.55	(0.30)	***
Pricing and Costing	2.29			2.17	0.13		2.41	(0.12)		2.52	(0.23)	
Bid Rigging and Anti-Competitive Actions	3.79			4.19	(0.39)		4.41	(0.62)		4.56	(0.77)	
Conflict of Interest	1.86			1.78	0.09		2.88	(1.02)	**	2.78	(0.91)	***
Market Research	4.21			4.11	0.10		4.00	0.21		4.19	0.02	
Other Involvements	3.85			3.44	0.41		4.37	(0.52)		4.37	(0.52)	**
Financial Accounting and Reporting	3.64			3.55	0.09		3.20	0.44		3.13	0.51	
Acceptable Conduct	5.28			5.37	(0.09)		5.41	(0.13)		5.44	(0.16)	

*** = significant at 0.001, ** = significant at 0.01, * = significant at 0.05

In analyzing the results, both specific categories of business practices for individual groups and overall patterns are addressed. The comparisons come from looking at student responses in the groups mentioned earlier to each other and comparing them to the Business Panel and the MTurk reference group. Regarding specific responses, the ARBC instrument covers 16 topic areas of business practices (14 designed with ethical challenges, 2 serving as control areas), and all students were asked to respond in all topic areas.

The AUD and MACC groups were compared, and no statistically significant mean differences were found. In comparison to the Business Panel, the AUD group showed significant favorable differences in seven topic areas (Sexism, Favoritism, and Nepotism; Tone at the Top; Compensation Policies; Pricing and Costing; Conflict of Interest; Market Research; and Other Involvements). Unfavorable differences were noted in Marketing Puffery or Deception, Bid Rigging and Anti-Competitive Actions, and the control areas, indicating that perhaps more instructional effort may be warranted. The MACC group showed three topic areas with favorable differences compared to the Business Panel (Compensation Policies, Conflict of Interest, and Other Involvements). MACC students showed unfavorable differences in five areas (Foreign Corrupt Practices Act, Marketing Puffery and Deception, Bid-Rigging and Anti-Competitive Actions, and the two control areas), only one area showing different results than the AUD unfavorable differences.

Table 4 illustrates a comparison between the AUD group and the other student groups. The PRIN group showed statistically significant unfavorable differences from the AUD group in nine of 14 topic areas with challenges. The FIN group showed significant unfavorable differences from the AUD group in all nine of those areas and in Pollution and Environment and Self-Enrichment. There appear to be clear differences between the ethical discernment of the AUD students and the lower division students. Table 5 illustrates the differences between the MACC group and the other student groups. The PRIN group showed significant unfavorable differences from the MACC group in the same nine areas that differentiated the PRIN group from the AUD group. While all but one of the mean differences from the MACC group were unfavorable for the challenged areas in the FIN group, the smaller number of observations for the MACC group led to inability to find statistical significance for those differences in most areas, with only Compensation Policies and Conflict of Interest showing significant unfavorable differences. This indicates that the MACC group's ethical discernment is clearly different than the PRIN group, but inconclusive statistical results concerning the FIN group.

The FIN and PRIN groups closely resembled each other. FIN and PRIN showed only two topic areas with significant favorable differences compared to the Business Panel (Market Research and Other Involvements). It should be noted that those topic areas were the only two areas that were constructed to pose ethical challenges where the mean Business Panel responses were higher than Neutral (4.0) on the more acceptable side, with no statistically significant differences between the Business Panel responses and the MTurk responses. All other challenging areas were evaluated as lower than 3.0 in the Business Panel responses. On the negative side, the FIN students showed unfavorable differences to the business panel on nine topic areas, including the two control areas. The PRIN students showed significant unfavorable differences in the same nine topic areas as the FIN students, and added an unfavorable difference in Sexism, Favoritism, and Nepotism. Viewing the topic areas with negative differences for FIN and PRIN suggests that there is substantial room for instructional improvement in areas like Foreign Corrupt Practices Act, Marketing Puffery or Deception, Self-Enrichment, Confidential & Insider Information, Tone at the Top, Intellectual Property and Snooping, and Bid Rigging and Anti-Competitive Actions,

However, an examination of the differences between the FIN and PRIN students and the MTurk reference group suggests that some progress may have been made during the education received by the students. The FIN students showed significant favorable mean differences in five areas compared to the MTurk reference group (Self-Enrichment, Sexism, Favoritism, and Nepotism; Pricing and Costing, Bid-Rigging and Anti-Competitive Actions, and Market Research. The PRIN group showed significant favorable differences in those topic areas, Pollution and Environment, and Other Involvements. The only unfavorable differences were shown by both FIN and PRIN students in the control areas.

The AUD group and the MACC group both compared quite favorably to the MTurk reference group. All mean differences for the 14 topic areas with challenges were in the favorable direction for both those groups, with eight of the 14 topic areas showing significant favorable differences for the MACC students

and all 14 areas showing significant favorable differences for the AUD students. The only areas showing unfavorable differences for the comparison to the MTurk reference group were Acceptable Conduct for both the AUD group and the FIN group. These results suggest that the upper division accounting students and graduate students have indeed made progress in discerning ethical challenges when compared to a nonbusiness comparison group.

When identifying areas where instructional improvement may be desirable, Foreign Corrupt Practices Act, Marketing Puffery or Deception, and Bid-Rigging and Anti-Competitive Actions stand out for all student groups in the comparison to the Business Panel, showing unfavorable results in each category for all student groups, with most of those differences statistically significant. The areas where student responses are more favorable than the Business Panel include Compensation Policies, Pricing and Costing, Conflict of Interest, Market Research, and Other Involvements, although only 12 of the possible 20 comparisons are statistically significant.

Figures 1 through 5 provide a visual summary of the differences and similarities between the student and reference groups. Each figure shows that lower values (towards the center) represent topic areas deemed less acceptable, while higher values represent more acceptability. Topic areas are arranged with those deemed less acceptable by the Business Panel towards the top of the Figure, with topic areas considered more acceptable towards the bottom. Figure 1 compares the responses of the Business Panel with the MTurk reference group.

**FIGURE 1
COMPARISON OF BUSINESS PANEL TO MTURK REFERENCE GROUP**

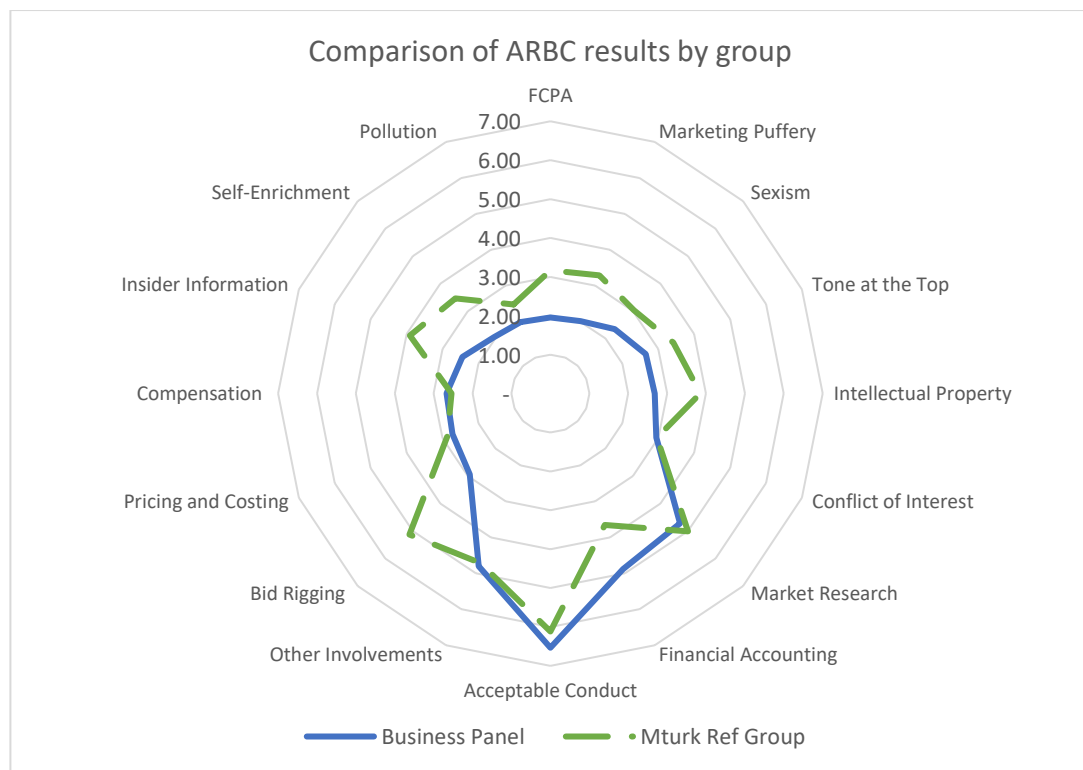


Figure 2 compares the MACC and AUD student responses with those of the Business Panel, while Figure 3 compares the MACC and AUD student responses with those of the MTurk reference group.

FIGURE 2
COMPARISON OF BUSINESS PANEL TO MACC AND AUDITING STUDENTS

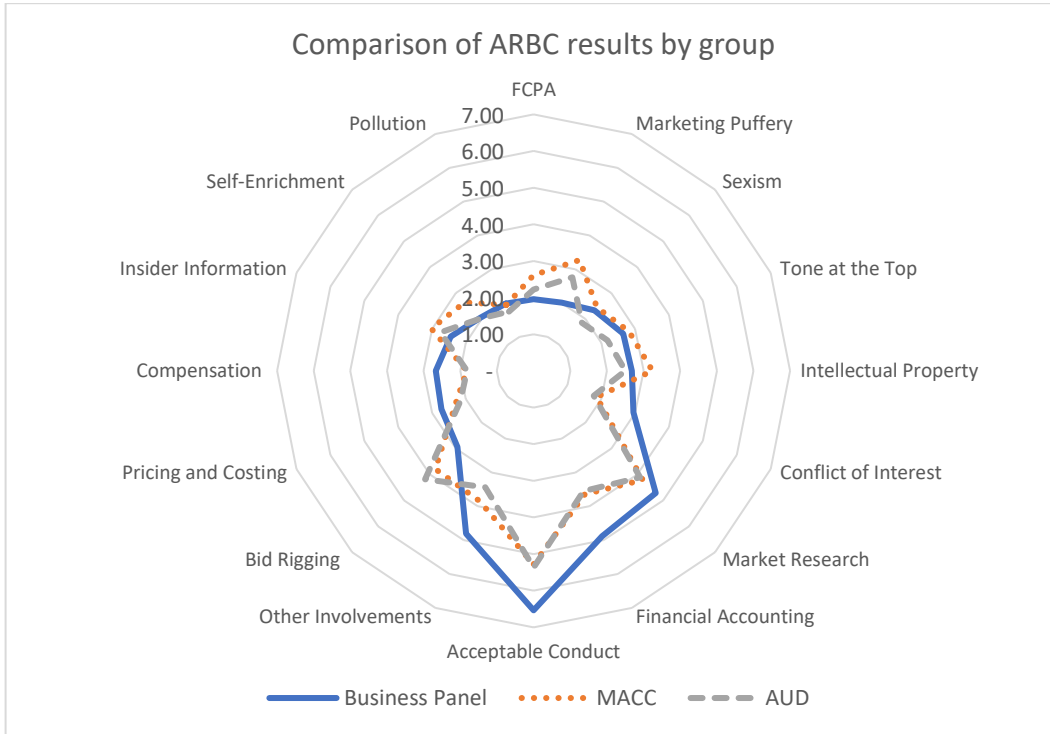


FIGURE 3
COMPARISON OF MTURK REFERENCE GROUP TO MACC AND AUDITING STUDENTS

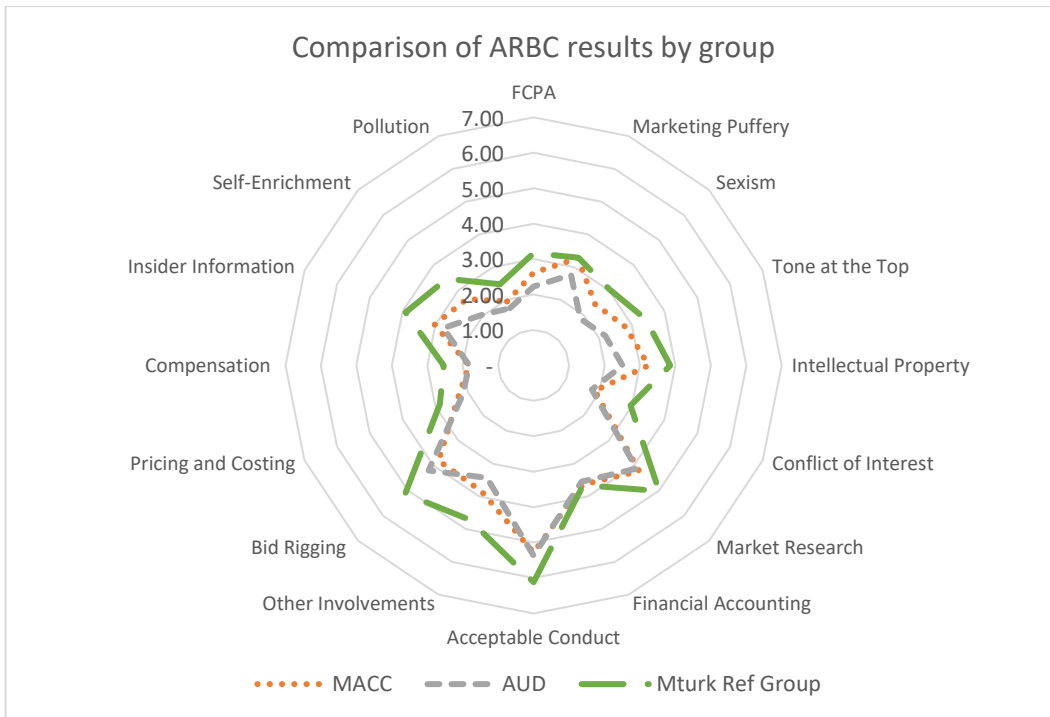
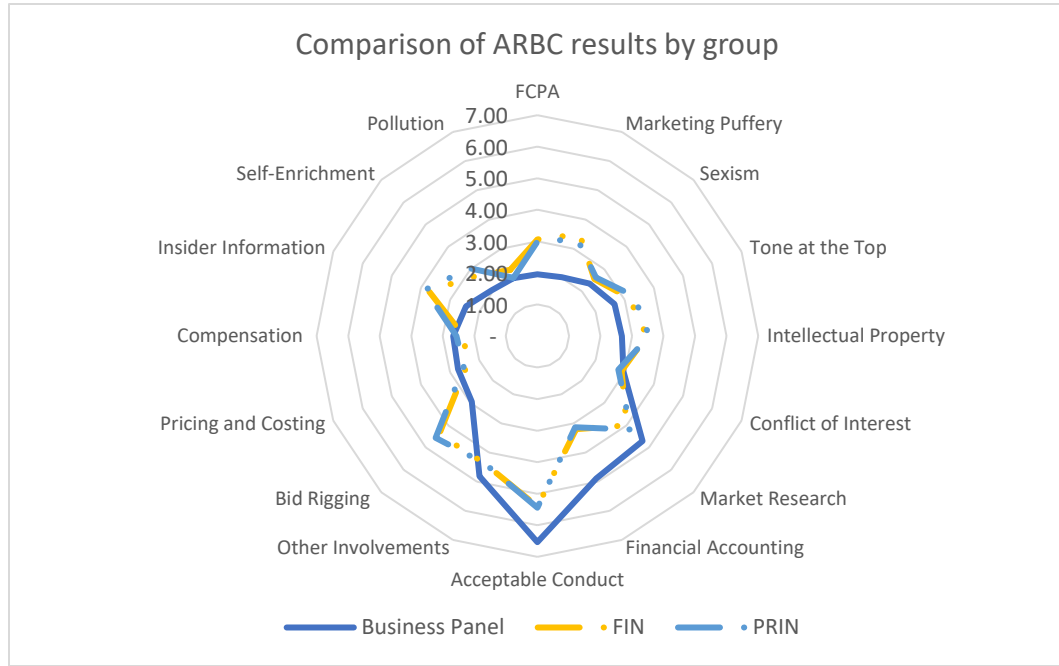
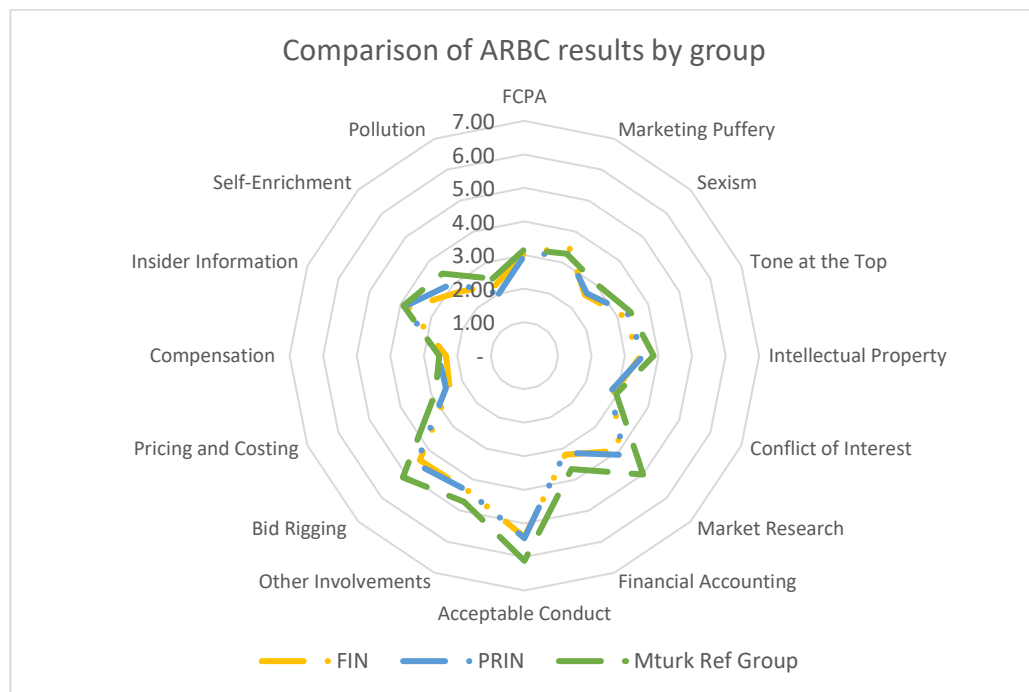


Figure 4 compares the responses of the FIN and PRIN students to the Business Panel, while Figure 5 compares those groups to the MTurk reference group responses.

**FIGURE 4
COMPARISON OF BUSINESS PANEL TO FINANCE AND PRINCIPLES STUDENTS**



**FIGURE 5
COMPARISON OF MTURK REFERENCE GROUP TO FINANCE AND PRINCIPLES STUDENTS**



RESPONSES AND EDUCATIONAL INTERVENTIONS

Noting the patterns of responses above can help an educator move towards implementing educational interventions in ethics. The difficult part in ethics education is knowing if educators are doing a good job in progressing students toward more ethical decision-making or discernment. From this research, it appears that the senior accounting majors in this study are moving towards enhanced ethical discernment. What has helped these students progress, and how can educators assist in the ethical development of their students?

Tools are needed to enable educators to help students develop better ethical decision-making and discernment. Tools are also needed to measure student awareness concerning ethical issues. In this research, the ARBC was used to measure awareness and identify areas where students may need further enhanced ethical education. In other applications, the ARBC tool can be used to determine improvement after an ethical intervention has occurred and to assess the effectiveness of the intervention.

One difficult part of ethics education is ensuring that knowledge gained actually assists students in their reactions to real-world situations. The ARBC is a helpful tool that can assist in identifying whether the transfer of knowledge occurs in a manner that allows for application to business situations. ARBC can also stimulate discussions about ethical issues and appropriate actions. Educators can help students identify the issues and determine what actions are ethical and which ones are not.

Another way the ARBC can be used as an educational tool is by comparing target student groups to a cohort of business professionals. Business professionals have been exposed to many different work situations and have had to make decisions within certain contexts. Their responses provide a guide as to how an experienced businessperson might respond in a similar situation. The ARBC utilizes a reference group of business professionals throughout the United States, with the majority having more than 10 years of experience. Educators can be given the results of how their students performed on the ARBC versus how the business professionals responded. They can use this information to stimulate further discussion with students concerning ethical scenarios, which will help progress their ethical discernment.

One of the major tools that Auditing instructors utilize as part of their pedagogy is the AICPA Code of Professional Conduct (Code). The particular students in the AUD group had all been exposed to the Code, along with discussions and questions about interpretation of the Code and its applicability in business situations. With the demise of Arthur Andersen years ago, auditors are under scrutiny as the last line of defense between management and public stakeholders. Students in the Auditing class discuss the ethical lapses of the past, and actions that could have been taken. In addition, the need for, and enactment of, the Sarbanes Oxley Act of 2002 (SOX) is discussed with relevance to the auditors' ethical stance and responsibilities. Below are the Student Learning Outcomes (SLOs) associated with the Auditing class that may contribute to increased ethical discernment:

- Expand student awareness of ethical considerations in real-life business situations.
- Utilize appropriate ethical approaches when confronted with compromising situations.
- Enhance students' understanding of the AICPA Code of Professional Conduct and its importance to the professional accountant in guiding ethical decision-making.

The MAcc students all had undergraduate degrees in Accounting and many of them had taken the Advanced Auditing core course when the ARBC instrument was administered. All MAcc students in this sample had completed the Accounting Theory & Policy core course, including a module specifically discussing the ethical responsibilities of accountants and the expected standards of conduct in the accounting profession.

CONCLUSION

Overall, the Auditing and MAcc students showed less tolerance toward unacceptable business practices than the other student groups and the MTurk group. These groups displayed mean values closer to the Business Panel, and were less tolerant in most areas than the Business Panel. While the results from the AUD group were slightly closer to the Business Panel than were the MAcc students, it is helpful to focus on a couple of key differences. The AUD group was significantly more tolerant than the Business Panel

regarding conduct described in vignettes in Bid Rigging and Anti-Competitive Actions and Market Puffery and Deception. This suggests that additional emphasis on material related to those topical areas might better acquaint the students with the level of awareness that could be expected of them in a business context.

This research suggests that educational interventions in ethical awareness can bring students closer to desired levels of ethical decision making and discernment as they enter the workforce. Diagnostic tools, such as the ARBC, can help identify ethical awareness or can stimulate further discussion on ethical issues. Other educational interventions, such as role-playing, can also further ethical thinking. Since the research showed the fourth-year Auditing students and graduate MAcc students showed mean values closer to the business professionals than the third-year Finance students or second-year Accounting Principles students, there are grounds for optimism that accounting educators can help students achieve more ethical discernment as they progress in their education.

ENDNOTE

1. AACSB Business Standard 5 (2020): “The school (accounting academic unit) uses well-documented assurance of learning (AoL) processes that include direct and indirect measures for ensuring the quality of all degree programs that are deemed in scope for accreditation purposes. The results of the school’s AoL work leads to curricular and process improvements.”
Basis for judgment: “• The school identifies learning competencies for each business degree program as well as appropriate direct and indirect measures that are systematically assessed to demonstrate that learning competencies are achieved across degree programs. • Competencies and curriculum management processes reflect currency of knowledge and expectations of stakeholders, including but not limited to organizations employing graduates, alumni, learners, the university community, and policymakers.”

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APPENDIX A: SAMPLE VIGNETTES

VIGNETTES DESIGNED TO SHOW ETHICAL CHANGES

Bid Rigging and Anti-Competitive Actions	Dakota deplored the chaotic bidding situation and cutthroat competition in the highway construction industry. Dakota therefore, reached an understanding with other major contractors to permit bidding which would provide a reasonable profit for all.
Compensation Policies	Zeta Corporation increased the annual compensation of its Chief Executive Officer from \$5 million to \$9 million over a four-year period in which profits declined and the dividend was cut.
Confidential & Insider Information	When riding up in the elevator, Kadin overheard company executives discussing a proposed merger. Kadin's roommate made substantial investments based on this information, and made solid profits as a result.
Conflict of Interest	Reese was asked to perform an investigation into some dubious financial reports prepared by Fiji Corporation. Reese's brother owns 10% of the stock of Fiji, and manages one of their largest divisions.
Foreign Corrupt Practices Act (FCPA)	Glenn organized a company in a foreign country to handle distribution for Glenn's line of technical products. The foreign company is instructed to "Do whatever it takes" to make sure that Glenn's shipments are not delayed at the border.
Intellectual Property and Snooping	Taylor found that a competitor had made an important scientific discovery, which would sharply reduce the profits of Taylor's company. Taylor then hired a key employee of the competitor in an attempt to learn the details of the discovery.
Market Research	One of the most profitable companies in Archer's industry utilized a distinctive color scheme to distinguish their products. Archer developed and marketed a "touch-up paint kit" in that color scheme, which could be applied to product from any manufacturer.
Marketing Puffery or Deception?	Kelsey produces an antidandruff shampoo that is effective with one application. Kelsey's assistant says the product would turn over faster if the instructions on the labels indicated "Lather. Rinse. Repeat".
Other Involvements	The consulting firm that Blair runs is seeking a strategy-development contract with the largest company in the industry. Blair's firm developed their industry expertise by serving one of the first companies to succeed in this industry, and Blair has an ongoing consulting relationship with that (much smaller) company,
Pollution and Environment	Chief engineer Perry boasts that the manufacturing plant regularly beats state standards for air and water pollution, but does not respond to complaints from neighbors about loud noises when the plant runs an evening or night shift.
Pricing and Costing	Tracy, a vice president, knows that the Newzone Construction Company uses inferior building materials, barely in compliance with building codes, in order to make a profit on a new large-scale development won through competitive bidding.
Self-Enrichment	The lawn maintenance service Chase operates has landed several corporate clients through an unpublicized policy that they cut grass at top executive homes and roll the cost into the overall bill paid by the corporation.
Sexism, Favoritism and Nepotism	Scout's company assigns male employees to sales territories requiring overnight travel, while utilizing females for local sales responsibilities. None of the company's 20 largest clients have offices in the local area.

Tone at the Top	Division President Merrill knows that the division is performing well, and is surprised when quarterly financial results come in well below expectations. Merrill informs the division’s accounting manager that it is clear the accounting process has an error in it somewhere, but there isn’t time to find it before the statements are due. Merrill’s suggestion is to post a one-time adjustment this month to correct the statements, and investigation next month will find out what went wrong.
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VIGNETTES DESIGNED TO SHOW ACCEPTABLE CONDUCT

Financial Accounting and Reporting	As head of the accounting section of the company, Harper directed that the Accounts Receivable department continue attempts to collect past-due accounts even after the company had written them off in the financial statements.
Acceptable Conduct	London insists that no new clients can be accepted until they have passed extensive scrutiny, including background checks on the key employees of the potential client.