

ETHICAL ATTITUDES DIFFER AMONG GENERATIONS: IMPLICATIONS FOR ACCOUNTING EDUCATORS

Curtis C. Verschoor and Jon Mertz

Curtis C. Verschoor

Curt Verschoor is a globally prominent author, researcher, editor, speaker, and expert witness on the subjects of applied business ethics, auditing, corporate governance and audit committees, internal auditing, and auditing management. He is also a former senior finance executive at major international corporations and university research professor. He holds Bachelor with honors and MBA degrees from the University of Michigan and a doctorate from Northern Illinois. His email address is curtisverschoor@sbcglobal.net.

Jon Mertz

Jon Mertz is vice president of marketing at Corepoint Health. Jon has extensive experience in the technology industry through his work at BMC Software, IBM, and Deloitte. Prior to this, he worked in Washington, DC, in various political appointee positions. Jon also is a leadership writer, focusing on how to empower Millennial leaders. Jon graduated with an MBA from The University of Texas at Austin, McCombs School of Business, in 1993. His email address is jhmertz@yahoo.com.

ETHICAL ATTITUDES DIFFER AMONG GENERATIONS: IMPLICATIONS FOR ACCOUNTING EDUCATORS

Some of the content of this paper has previously appeared in IMA® (Institute of Management Accountants).

INTRODUCTION

An independent research study has disclosed significant differences in attitudes among the generational groups. The ethical attitudes of Millennials, the most represented cohort in the ranks of college students, were surprising. These findings have implications for accounting educators who are more likely to be included in older generations, such as the boomers or Generation X.

The Ethics Resource Center (ERC) is a private, nonprofit organization based in Washington, D.C. Its mission is to perform independent research and the advance high ethical standards and practices in public and private organizations. ERC has been conducting national surveys of ethical attitudes, knowledge and beliefs in business. The latest comprehensive report, the 2011 *National Business Ethics Survey* (NBES) found that the ethical culture in business showed unexpected and disturbing findings that may portend a future downward shift in business ethics. A recent more detailed analysis of this survey's findings titled *Generational Differences in Workplace Ethics*, examines the differences in attitudes toward ethical issues among the four generational groups.

Demographics

The four generational groups examined in the survey are traditionalists, Baby Boomers, Generation X workers (Gen Xers), and Millennials or Generation Y workers (Millennials). Each generational group has had some of its characteristics stereotyped. Traditionalists, born 1925-1945, are hardworking, respectful of authority, and value loyalty. Baby Boomers, born 1946-1964, are hardworking, idealistic, and committed to harmony. Generation X workers (Gen Xers), born 1965-1980, are entrepreneurial, flexible and self-reliant, and comfortable with technology. Millennials, born 1981-2000, are tech-savvy, appreciative of diversity, and skilled in multitasking. A valid question is whether or not differences are generational or just a consequence of where individuals are in their age timeline. The aging process itself is a determinant of attitude and perspective.

Some of the negative traits and workplace attributes widely associated with each cohort that are set forth in the report include:

- Traditionalists--Conformers who resist change, are disciplined and pragmatic, work and family lives never coincide, dress formally.
- Boomers--Self-centered with sense of entitlement, workaholics, self-motivated, don't appreciate feedback.
- Gen Xers--Lazy, skeptical and cynical, question authority figures, desire for a work-life balance and flexible schedule, work dress is at low end of business casual.
- Millennials--Lack basic literacy fundamentals, very short attention span, not loyal to organization, demand immediate feedback and recognition, integrate technology into the workplace, expect to have many employers and multiple careers, work dress is whatever feels comfortable.

Reporting of Wrongdoing and Its Consequences

According to *Generational Differences in Workplace Ethics*, these differences in attitudes and traits have resulted in a great deal of variability in many of the measures of workplace ethics. The study found that the youngest workers are significantly more likely than their older colleagues to feel pressure from others to break ethical rules because the pressure “eases as workers spend more time in the workforce and learn ways of coping with their work environment.” As a possible solution, companies should concentrate more on issues of ethical culture during the orientation of new employees, which should mitigate their feeling of not knowing much about how to act within the culture of their new workplace.

Another finding in the generational study was that more younger workers have observed ethical misconduct in the workplace during the previous 12 months than their older colleagues. This is in spite of the fact that Millennials observed significantly fewer examples of using company time to conduct personal business than did those in older generations. The study explains this latter phenomenon by noting that younger workers tend to integrate their work and personal lives to a greater extent.

While earlier studies have shown that younger workers were less likely to report unethical behavior, the latest report shows a sharp increase in Millennials' reporting. “They are now on par with their older cohorts, except for Traditionalists,” who observed and reported less than in previous years. Millennials observed 49% of workplace misconduct, the highest of all generations. The types of misconduct observed include:

- Personal business on company time--26%,
- Lying to employees--22%,
- Abusive behavior--21%,
- Company resource abuse--21%, and
- Discrimination--18%.

Of those Millennials who observed unethical behavior, 67% of them reported the misconduct, which include:

- Stealing or theft--74%,
- Falsifying expense reports--71%,
- Goods/services fail to meet specifications--69%,
- Falsifying time sheets or hours worked--68%, and
- Offering improper payments/bribes to public officials--67%.

All age groups tend to inform their supervisors, whom they know well and can trust, about misconduct they observed. Only a small percentage of workers went outside their organizations with their initial complaints. Millennials are the group most likely to report by using the hotline option. The study found that younger workers were significantly more likely than those in older generations to feel some form of retribution or retaliation. This is possibly due to the increase in their reporting of misdeeds.

Millennials: The Future of Professionalism

Perhaps the most surprising and disturbing result in the generational analysis is the relatively high percentages of Millennials who consider certain unacceptable behaviors in the workplace to be ethical:

- Use social networking to find out about the company's competitors--37%,
- "Friend" a client or customer on a social network--36%,
- Upload personal photos on a company network--26%,
- Keep copies of confidential documents--22%,
- Work less to compensate for cuts in benefits or pay--18%,
- Buy personal items using a company credit card--15%,
- Blog or tweet negatively about a company--14%,
- Take a copy of work software home for personal use--13%.

The extensive use of social networking seems to pose challenges as significant numbers of Millennials post questionable information on their personal social networking sites:

- Feelings about their jobs--40%,
- Bad joke told by the boss--26%,
- Work on a project--26%,
- Picture of a coworker drinking--22%,
- Annoying habit of a coworker--20%,
- Information about the company's competitors--19%,
- Opinion about a coworker's politics--16%.

Most importantly, the report states that younger workers are significantly more willing to ignore the presence of misconduct if they think that behavior will help save jobs. “Willingness to ‘let the ends justify the means’ seems to have a strong inverse correlation with age,” according to the report. The key aspect for accounting educators as well as others for dealing with generational differences in ethical attitudes as they influence behavior is a better understanding of causative factors.

Influence of Information Technology

One of the key changes in our society is the rapid increase in the use of social media. Many Millennials have engaged in social media since an early age. It may have started with MySpace but quickly moved to Facebook, then Twitter, and other newer social channels. Connecting with local friends or others across various cities or countries became easy and commonplace.

According to Pew Research in 2010, three-fourths of Millennials have created a social networking profile compared with 50% of Gen Xers, 30% of Boomers, and 6% of Traditionalists. Millennials also are more likely to visit social sites several times a day than older generations. These sites and interactions set the stage for unique collaboration traits.

What far-reaching social channels deliver to the business environment through various applications is access to many diverse views along with sharing and working together on different projects. Social media also becomes a support structure, delivering advice and guidance through all of an individual’s challenges whether they be personal, in school, or the workplace. Social channels have resulted in the close integration of a Millennial’s career and personal life.

Understanding how new technologies may be impacting the behavior in the business environment of Millennials more than other generations leads to at least four key points:

- 1) Accountability for wrongful or harmful decisions is almost immediate. Social networks allow word of transgressions or inappropriate actions to spread widely with lightening-like speed. Communications intended to go to a limited discrete audience may find themselves known around the world. When trust is betrayed, a multiplier effect arises to quickly determine responsibility and identify people who are accountable. Consequently, repercussions come quickly and, at times, even too quickly. The danger arises that many may make snap judgments without having all relevant information. While the ease of reporting betrayed trust is at the fingertips of individuals across all generations; Millennials may find the process just a little more natural, which may explain the results of the survey that found a sharp increase by the group in reporting misconduct.

Prospective accountants, more than any other college students need to realize the immense consequences of a breach in confidentiality. Accountants, whether in public practice, business, or government have unique responsibilities to the public at large as well as to their employer. Mere knowledge of professional ethical standards is not sufficient. Practices of information security need a new frame of reference so the potential risks of harm are well understood by all, particularly those using social media.

The possibility of whistleblowing should not be considered without first fully evaluating the potential for injury to many. Who would want to be responsible for allowing actions or important information to go viral? Think of the harm it would cause. With this understanding, the topic of confidentiality provides more relevant. This should result in better decisions as to what information is communicated through the various social channels. This is particularly true for accountants since the SEC recently decided to consider corporate disclosures utilizing social media the same as those using more traditional methods.

2) Collaboration is built into the social channels.

Just as social channels can serve as a way to spread the word on an unfortunate event, it also enables greater collaboration outside of the four walls of any office or study space. This is one of the key ways life and work get integrated, particularly with Millennials. If expertise is needed for a given project, there is likely someone in their social network to engage and provide help. If there is a potential challenge with a boss or a co-worker, it is efficient to get advice from individuals within their social network. Collaboration is an innate attribute of social channels.

Yet, strict standards of individual achievement and appropriate testing methods must be maintained to assure integrity in the grading process. The “Cheating Never Pays” message must be clearly understood and rigidly enforced. Particularly with the proliferation of ghost-written and plagiarized term papers, educators must utilize all available software means to allow individual achievement to be measured and evaluated.

3) Security of Information is a Paramount Consideration.

The increasing reliance by organizations on digital means for gathering, analyzing and storing information results in increased risk of loss or theft of data thought to be secure. Legislation has also increased penalties for breaches in security. Accounting students particularly need to focus attention on both physical security and digital security to avoid the risk of considerable financial and reputational losses. Care also needs to be utilized in deciding what types of personal and other information about people should be gathered in the first place. This will minimize the motivations of so-called “whistleblowers” to dramatize and exploit issues of alleged lapses in personal privacy.

4) Presentation Methods May Need Modification

Since childhood, Millennials are exposed early and often to audio-visual educational games and self-paced, web-based training programs, well-considered interactive approaches should be considered. Many educators welcome the instantaneous feedback received from electronic quiz devices, as do Millennials.

To understand the impacts – positive and negative – of actions taken by organizations and individuals. Educational programs need to move away from long, formal presentations and move to interactive approaches. Social and scenario-based training fits with the social mindset of Millennials, but need to be defined and delivered in shorter, more frequent clips. To make points more relevant, real-life scenarios should replace longer case studies and place the Millennial in the middle of the scenario as it unfolds, showing the impact of the decisions made.

Millennials Have Well-Defined Motivations

Millennials want to be engaged in the development of ethics and other programs that affect them. The more engaged they are, the greater their enthusiasm, support and adherence to requirements. When educators include Millennials where appropriate, in determining what and how their educational elements come together, their commitment to educational achievement and ethical conduct is likely to increase.

Trust and transparency are positive traits and important expectation of Millennials. During coverage of ethically-related subjects as well as others, educators should practice and discuss the importance of consistency of words and actions. If Millennials don't see consistency of words and actions, whether it be in professional pronouncements or ethical codes, there will be considerable fallout. Further, even perceived inconsistencies are likely to be widely shared, resulting in loss of reputation and student motivation.

Balance of Work and Life Critically Important

For Millennials, life and work intersect more freely than with previous generations. Social channels enable this free-flow of ideas, expressions, workplace challenges, and other conversations. Although there are more opportunities for collaboration and mentoring and innovation through these channels, educational curriculums need to highlight and discuss what are reasonable boundaries.

Student accountants particularly need to understand the slow pace of change in the profession. The fairly widespread trait of wishing for instant results may make Millennials impatient to recognize what they may perceive as slow career progression. Hence, college is the ideal location to begin to discuss the career expectations of future employers. In addition to setting goal strategies, highlighting ways to measure career success is important, too (e.g., work-life balance, reputation of company, personal development).

Career Mobility and Expectations

The current economy has adversely affected Millennials. Pew Research reported in 2010 that 37% of 18- to 29-year-olds were unemployed or out of the workforce, the highest in more than 30 years. Although this number recently dropped to just under 16%, it doesn't account for those underemployed. Media reports are critical of the number of college graduates who are unable to find employment in their chosen field of education. Economic conditions continue to have a significant impact on this generation. Educators need to work closely with college placement officers to match graduates with appropriate career opportunities.

Younger Workers Want to Help Improve Society

The findings in *Generational Differences in Workplace Ethics* that younger workers are significantly more willing to ignore the presence of misconduct if they think that behavior will help save jobs appears to reflect the higher social consciousness of Millennials and other younger workers. The report's finding that "Willingness to 'let the ends justify the means' seems to have a strong inverse correlation with age" is largely a function of dissatisfaction with the large number of fraudulent and other ethical missteps that seem to be regularly reported in the media. Emphasis on ethical issues in all courses should help dispel attitudes that "all business is corrupt" and enhance understanding on how even small "ends-justified" unethical acts can lead to bigger negative outcomes.

SUMMARY

Generational shifts will continue to happen. There will always be new technologies, new attitudes, and new entrants into the workforce, and ethical standards need to be strengthened and enhanced as changes unfold. Educational programs and delivery methods need to continue to evolve to effectively meet in better ways the challenges of meeting AACSB requirements. Assessing current mindsets and operating environments are critical. Millennials have solid perspectives on the role of trust and social good. With added efforts in how educators approach ethical standards and discussions, there is a great opportunity to raise the level of conduct and trust as this new generation continues to enter the workplace.