THE FIVE MINUTE ETHICS EXERCISE: A SIMPLE AND EFFECTIVE APPROACH TO INCORPORATING ETHICAL DISCUSSIONS INTO AN ACCOUNTING COURSE

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INTRODUCTION

Business schools continue to face criticism from various constituents for failing to incorporate more content related ethics and social responsibility topics into their curricula. The authors responded to the continued criticism by designing and class testing a pedagogy that can be used in any or all accounting courses without adding burdensome classroom time or instructor preparation time. The objectives include reinforcing and refining student knowledge and skill in evaluating ethical dilemmas. The pedagogy consists of presenting an ethics case via a short newspaper article or other sources limited to one minute of reading time on the part of the students. The instructor selects one of three identified approaches (or any other approach that works best for the instructor) to allow students to sharpen their skills. Then the instructor uses one minute to summarize and recap the results. Class testing and anecdotal evidence indicates the pedagogy to be a very effective tool to help students refine their knowledge and skill in assessing ethical dilemmas.

BACKGROUND

Business schools continue to face criticism from various constituents for failing to incorporate more content related ethics and social responsibility topics into their curricula. Some critics believe all schools should have a course focusing on ethics and corporate responsibility to provide students with fundamentals such as theories of moral philosophy. Business schools have taken various approaches to address the critics with some establishing centers of business ethics (or a variation of the name) to focus on business ethics and corporate responsibility. One such university promotes its center as a place to build integrity and trust in business by encouraging the establishment of organizational cultures and practices that drive ethically responsible decision-making and conduct to create long-term economic, social and environmental value.

Recognizing its role as the main accreditation body of business schools in the world, the Association to Advance Collegiate Schools of Business International (AACSB) adopted new Assurance of Learning Standards in 2003 (and revised in 2008) to emphasize the importance of ethics in the business school curricula. Specifically it identified ethical and legal responsibilities in organization and society as one of the management specific knowledge and skills that should be demonstrated by students in the general management degree program (at both the undergraduate and graduate levels).

AACSB offers four cornerstones to be used by business schools to ensure that students receive a comprehensive and viable ethics education. These are (a) responsibility of business in society, (b) ethical leadership, (c) ethical decision making, and (d) corporate governance. These cornerstones are covered in various courses within business schools. For instance, many universities offer an introductory business law course to all business majors in which students are exposed to various aspects of the above cornerstones. However, this course is generally taken by students in their sophomore years and ethical issues covered are not often reinforced in later courses.
Accounting educators are further challenged to provide students with a curriculum steeped in ethics because of past accounting scandals (e.g., Enron, WorldCom). However, most accounting programs do not have the flexibility to add any additional courses to the curriculum, so ethics is not reinforced in a consistent manner throughout the program. As a result, students may not be adequately prepared to fulfill one of their primary future roles i.e., the creation of credible and reliable information for decision making purposes throughout society.

Ethical awareness and behavior is so critical to the accounting profession that some states now require CPA candidates and CPAs to demonstrate ethical proficiency in order to be licensed in the state. For instance, the States of Maryland and New York now require licensees to obtain four (4) continuing education credit hours (CPE) in professional ethics as a condition of license renewal.

Accounting educators continue to research ways in which the teaching of ethics can be enhanced in accounting programs. In fact, the Professionalism and Ethics Committee of the American Accounting Association sponsors an annual symposium in which papers on different topics within accounting ethics is disseminated.

This paper presents the ‘The Five-Minute Ethics Exercise” that focuses primarily on ethical decision making to support accounting ethics scholarship by providing a simple yet effective pedagogy that accounting educators can incorporate into their courses. It requires the use of limited class time with no major preparation time by faculty. As a result, educators can incorporate ethical discussions into any accounting course without impacting the curriculum. This would clearly demonstrate that accounting educators are responding to their constituents by producing graduates who are honest, objective, and able to operate with the highest level of integrity.

OBJECTIVES OF THE FIVE-MINUTE EXERCISE

“The Five-Minute Ethics Exercise” is designed to assist students in achieving the following objectives as it relates to ethical decision making:

• Increase Ethical Awareness
• Increase Sensitivity to Alternative Points of View
• Enhance Writing Skills
• Improve Critical Thinking Skills

“The Five-Minute Ethics Exercise” is based on any ethical situation that can be covered in the classroom within a five minute period.

The guidelines to accomplish these objectives are simple. Students have one minute to read the article. The faculty member then allows three minutes to generate a response based on one of three approaches (discussed below). He or she then takes one minute to summarize the exercise and provides feedback to students. That’s a total of only five minutes!!

The educator can use various approaches in conducting the exercise. However, the approach selected should match the overall objective that the educator wishes to achieve. While there are a large number of approaches, the authors recommend using one of the three following approaches the authors have tested in their classrooms:
(a) Class Discussion – this is an open forum in which students simply share their views on the ethical situation presented. This approach is best if the instructor is focusing on the awareness objective.

(b) Class Debate – the class is divided into different factions (e.g., pros and cons) and asked to debate the ethical situation. This approach is best if the instructor is interested in having students look at alternative points of view.

(c) Written Exercise – students are asked to express their views in writing on the ethical situation presented. The educator selects students at random and asks them to share their comments with the class during the feedback period. This approach is the most comprehensive since it supports the objectives identified earlier.

**IMPLEMENTATION**

Because of its flexibility, “The Five-Minute Ethics Exercise” can be used in any accounting course. The authors class tested the exercise at the undergraduate level in introductory accounting, and internal and external auditing courses. The authors class tested the exercise at the graduate level in advanced auditing, advanced accounting and communications in accounting courses.

The effectiveness of “The Five-Minute Ethics Exercise” clearly depends on the ethical situation presented to the students so the article selection process is critical. Fortunately, there are a number of sources that provide articles involving ethical decision making that can be read and understood by students in one minute or less. Potential sources include The New York Times Magazine (“The Ethicist”), The Wall Street Journal (any article with an ethical component) or any news source in which the article has an ethical component. Of course, a situation involving the educator’s own personal experience could also be used for this purpose. An alternative approach to an article could be video clips with vignettes highlighting ethical issues.

Examples of each approach follow. Notice that it is important to select an appropriate key question to direct the students’ responses.

**Class Discussion**

The following exercise was taken from a New York Times Magazine article. The key question appears at the end of the ethical situation.

“I am a graduate student and hire undergraduate field assistants for our research on waterfowl. We only accept people over FIVE feet FIVE, since the work involves walking in waders in deep water. If a person is too short, water can get in over the waders – uncomfortable and dangerous. We could accommodate shorter students by letting them work in wet suits, but it would slow down their data collection. Is height a legitimate job criterion?” (Cohen, 2008)

The authors allowed three minutes of discussion and then one minute for the educator to wrap up the exercise.
Most texts provide vignettes, chapter questions, problems or other examples that provide similar results. An advantage of using those examples is that the ethical issue typically dovetails with the material covered in that section of the text. An instructor teaching Introductory Accounting might use the following or other scenarios provided by the authors in the body of the text they have adopted for class.

“Andy Morio was hired by a popular fast food restaurant as an order-taker and cashier. Shortly after taking the job, he was shocked to overhear an employee bragging to a friend about shortchanging customers. He confronted the employee who then snapped back: “Mind your own business. Besides, everyone does it and the customers never miss the money.” Andy didn’t know how to respond to this aggressive stance.” (Garrison, Noreen, & Brewer, 2008, p33)

The key question for discussion is “Assume you are Andy Morio, how would you respond to the employee’s comments?”

The following is another ethical example provided in an Introductory Accounting text that could be used for class discussion purposes by the instructor.

“The board of directors of McLane Wholesale Grocery is meeting to discuss the past year’s results before releasing financial statements to the public. The discussion includes this exchange: Rebecca Stone, company president: “This has not been a good year! Revenue is down and expenses are way up. If we’re not careful, we’ll report a loss for the third year in a row. I can temporarily transfer some land that I own into the company’s name, and that will beef up our balance sheet. Grant can you save $500,000 from expenses? Then we can probably get the bank loan that we need.”

Grant Tye, company chief accountant: Rebecca, you are asking too much. Generally accepted accounting principles are designed to keep this sort of thing from happening”

What is the fundamental ethical issue in this situation?” (Horngren, Harrison & Bamber, 2005, p39-40)

**Class Debate**

The ethical dilemma in other articles may not be as clear as the above illustrations and so the educator may need to provide students with prompts. In those situations, once the article is selected, the instructor should identify a key question from the article to provide an area of focus for the students. This will help students filter out the information that is relevant to the discussion. A good debate question has two sides to the story. When several KPMG employees were indicted for tax shelter fraud there were two sides to consider. Should KPMG pay for the legal fees for their ex-employees’ defense since the employees were agents for KPMG and worked for them at the time the tax shelter frauds took place? Or should KPMG refuse to pay the legal fees as it believed these former employees would be found guilty? The key question of the debate is “Should KPMG be responsible for paying the legal fees or not, for indicted former employees?” Notice that the key question includes a “should and should not” component.
As noted earlier, most texts provide vignettes, chapter questions, problems or other examples to highlight ethical situations. The following example from an Introductory Accounting text could be used for class debate purposed by the instructor.

“You are an accountant in the purchasing department of a construction company. When you arrive home from work on December 22, you find a large ham in a box marked “Happy Holidays – It’s a pleasure to work with you.” The gift is from a supplier who has a bid on a contract your employer plans to award next week” (Needles, Powers & Crosson, 2008, p53)

The key question for class debate is “Should you accept the gift from the construction company?”

**Written Exercise**

In the written exercise approach, the educator gives a one minute outline of the topic. For example, “Who gets hurt when the CEO of a company is found to have lied about graduating from college?” Students have only three minutes to address the question. This assignment teaches students to analyze their decision making process outcomes and express their positions in writing within three minutes. The writing exercise is very easy for the educator to grade even in a class of 35 if they limit it to three minutes. Students are forced to synthesize and analyze quickly in their own mind the rational for their answers.

The following example from an Introductory Accounting text could be used by the instructor to illustrate the written exercise approach:

“Paul Sarver is the controller of a corporation whose stock is not listed on a national stock exchange. The company has just received a patent on a product that is expected to yield substantial profits in a year or two. At the moment, however, the company is experiencing financial difficulties; and because of inadequate working capital, it is on the verge of defaulting on a note held by its bank.

At the end of the most recent fiscal year, the company’s president instructed Sarver not to record several invoices as accounts payable. Sarver objected since the invoices represented bona fide liabilities. However, the president insisted that the invoices not be recorded until after year-end, at which time it was expected that additional financing could be obtained. After several very strenuous objections-expressed to both the present and other members of senior management-Sarver finally complied with the president’s instructions.

Did Sarver act in an ethical manner? Explain.” (Garrison, Noreen, & Brewer, 2008, p33)

The faculty can grade these assignments using fair, good, or excellent or grade for writing and content.

**SUMMARY AND CONCLUSION**

Business schools continue to face criticism from various constituents for failing to incorporate more content related ethics topics into their curricula. The authors developed “The Five-Minute Ethics Exercise” as a quick and effective means of addressing this criticism. By providing different types of ethical situations, students are exposed to various ethical scenarios
and learn at a very early stage that ethical decision making is not as simple as they might have imagined since the answers are not always black and white.

The frequent use of “The Five-Minute Ethics Exercise” throughout the semester reinforces ethical decision making among students. Their ethical awareness is enhanced and they become sensitive to alternate points of view and they also significantly increase their critical thinking skills. If the educator uses an element of writing, the students’ communications skills are also enhanced.

“The Five-Minute Ethics Exercise” provides instructors with an easy tool to use in the classroom to encourage discussions around ethics. It is very flexible, easy to use and requires minimal preparation time by the educator while using only five minutes of class room time. Anecdotal evidence shows that students are fully engaged in the exercise and realize that making ethical decision is a continuous process and not limited to a class period or a chapter in the typical accounting textbook. “The Five Minute Ethics Exercise” is a win-win for everyone involved and so easy to implement!

REFERENCES
AACSB Accreditation Standards available at http://www.aacsb.edu