

Fraud and Malfeasance: The Role of Cases When Teaching the Phenomenon in Accounting Education

Murray Bryant

Ivey Business School - Western University, Canada

Throstur Olaf Sigurjonsson

University of Iceland, Iceland

Stefan Wendt

Bifröst University, Iceland

Abstract. The paper addresses a plea by accounting educators that ethics should be integrated into the accounting curriculum (Poje and Zaman Groff 2022). Further, accountants should teach ethics. Case learning is consistent with Bloom's (1956) taxonomy of six levels of learning. The ethics literature supports using cases to teach ethics because cases allow each student to put themselves in the position of a decision-maker. Case selection should engage the learner emotionally. Therefore, current issues are preferable. With these goals—engaging the student as a learner, ensuring action learning, and meeting the learning taxonomy of Bloom, the paper provides educators with a suggested road map of case materials that can be employed in accounting courses across the program. Road maps are a means to demonstrate a holistic view of curriculum design and learning execution across specific accounting courses.

Keywords: case-based learning, case choices, case road map, curriculum design and integration.

1. Introduction and Background to Ethics Education for Accountants

Accounting learners are tomorrow's future accountants. They will become part of the process of financial reporting and markets for both public and private corporations. In addition, accountants are involved in internal corporate accounting. For accounting and accountants, local environments matter—civil law versus common law, principle-based versus rule-based accounting standards, class actions against wrong-doers versus no-class actions. In addition, there exist different governance and regulatory regimes, varying reluctance to prosecute criminal wrongdoing (Coffee 2020), and different legal and public morality standards across countries as to what constitutes wrongdoing.

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Considering Plato's philosophy, some laws, it seems, exist for good people to teach how they may interact with others who have a stubborn character to stop them from proceeding to every vice. The implication is that fraud is invariant across time and different contexts and that there is some universal standard of behavior. That view is inconsistent with ethical relativism, given that behavioral views change over time. Fraud depends, therefore, on context. Case learning adds context, along with theoretical models and frameworks, and allows learners to resolve questions that have no right answer.¹

Craig and Amernic (2002b) describe the challenge for teachers of accounting: "we should actively and fearlessly provide ways of fostering university settings... and ultimately be conducive to the accounting profession better serving the society in which it serves." (Craig and Amernic 2002b, p. 200-201). The theme of professional responsibility and the public interest has been echoed by other authors (Dellaportas and Davenport 2008, van Brenk *et al.* 2022). However, the professionalism of auditors has come under attack, for example with reference to lack of independence and lack of objectivity (Sikka 2009; Sikka, Filling and Liew 2009; Malsch and Gendron 2013). Learning about professional responsibility and its relationship to fraud, including prevention, therefore constitutes a substantial educational challenge. This paper suggests that exposing students to published cases of fraud raises accounting learners' awareness of ethical responsibility and creates an applied environment that creates possibilities for better future accountants. Prevention of fraud and ethical behavior is written into most professional standards.

The paper addresses the need, as expressed by Poje and Zaman Groff (2022), that ethics learning be part of an integrated accounting curriculum, but not a stand-alone ethics course apart from the technical issues covered in several accounting courses. An integrated ethics education facilitates critical thinking.

The road map of recommended and tested accounting fraud cases provides a means to integrate ethics learning into the accounting curriculum, independent of whether the accounting program is three, four or five years long.² The use of case maps is relatively common in institutions where case learning is the norm. Through the case map, instructors can identify the placing of the case within a course, the conceptual foundation, how the cases build experience throughout the curriculum, while avoiding unnecessary duplication and ensuring an integrated curriculum. The remainder of the paper consists of a literature review that extends the introductory remarks on the rationale of ethics education through cases, along

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1. Herreid (2007) suggests the following rules for cases as part of learning: tells a story; focuses on an interesting issue; is recent; creates empathy with main characters; includes quotes; has pedagogic value; is conflict rich; is decision focused; is general beyond the facts of the case; and is short.
 2. In Australia, Europe, New Zealand, and the UK, typical university level accounting programs are three years in duration with additional requirements for accounting certification afterwards. The US and Canada offer a mix of four and five-year programs for accounting qualification. Five-year programs include a master's degree.

with a section on definition and scale of fraud, and ethics teaching and values, followed by a section that outlines the rationale and choices made by the authors in case selection, a findings section, a discussion section, limitations, and conclusions.

2. Literature Review

Learning Through Cases in Fraud to Teach Accounting Ethics

Bloom (1956) suggested a taxonomy of skills, knowledge, and understanding—remember, understand, apply, analyze, evaluate, and create. The taxonomy focuses upon a combination of understanding and most of all recall. Wood *et al.* (2019) implicitly apply Bloom's taxonomy in their rationale for case-learning. They add social skills, written and oral communication skills as justification for case learning superiority.³ Ardalan (2008) describes, "In the case method teachers build up a sequence of experiences in which they get the students involved. Then the teachers use their knowledge and understanding of the conceptual framework of the subject matter in asking questions and calling upon students for reactions... gradually gain a working capacity in applying the fundamentals." (p. 24)

Avci (2017) examined 34 scholarly articles in ethics from 11 separate disciplines and concludes that case-based teaching was the most desirable model. In ethics, case learning facilitates ethics knowledge, ethical sensitivity, moral reasoning, and potentially ethical judgment, given the entire curriculum approach is pervasive (Dellaportas, Jackling, Leung, and Cooper 2011). In addition, ethics learning follows the six elements—remember, understand, apply, analyze, evaluate and create, as espoused by Bloom (1956).

Cornelius, Wallace and Tassabehji (2007) recommend that ethics teaching should be proactive, not just understanding regulation, applicable laws, and ethics codes. They seek learners who develop moral courage as part of their learning on ethics. Poje and Zaman Groff (2022), analyzing accounting ethics education, are consistent with Cornelius *et al.* (2007): "ethics should be taught in a way that encourages students' critical thinking about ethical dilemmas, while the purpose of integrating moral development into the curriculum should be to improve students' moral development" (p. 458). They suggest that ethics should be integrated rather than a standalone ethics course, developing critical thinking. Liu, Yao, and Hu (2012) suggest the applicability of case learning, "One possible way to provide accounting students with a better understanding of ethics in their real-life practice...is to incorporate cases" (p. 679). Low, Davey and Hooper (2008) cite the importance of real live cases in training professionalism and ethics.

3. Their case learning process has three parts: individual reading and analysis; group problem solving, and discussion; and facilitated class discussion.

In contrast, Nguyen and Dellaportas (2021) suggest that “a standalone ethics course is superior because it offers a clearer focus to students in accounting ethics” (p. 65). Consequently they ignore that integrating ethics into all accounting courses avoids compartmentalization of ethics versus “real technical accounting”. Depending on how the ethics course is taught, the importance of critical thinking across the curriculum is siloed, and fails to provide a holistic view of the learners’ education journeys. Thus, they contrast starkly the views of Poje and Zaman Groff (2022) and Berube and Gendron (2023). Berube and Gendron (2023) draw attention to two areas of ethical sensitivity: external consequences for third parties [often ignored in discussions of fraud] and internal processes for accountants. “Specifically ‘ethical consequences’ relate to what could lead individual accountants to perceive that a situation could affect a third party; and ‘internal processes’... accountants to understand how they can be personally affected by, or can understand a situation” (Berube and Gendron 2023, p. 766).

Case-based learning is premised upon written or other media where the facts of a situation are outlined. In almost all instances a teaching note is provided. The teaching note aids the instructor in pre-work assignment questions, managing discussion time, providing links to relevant theory, and helping learners reflect on what they have learnt (Erskine *et al.* 2019).

A caution is highlighted by Giacalone and Promislo (2013) when they state that in a materialistic society, learners may come into the classroom with a long-held set of beliefs and attitudes towards ethical behavior and treat such as “baggage”. The challenge for instructors is to inform, guide, and help them to see such prejudice for what a phenomenon is: failing to care for others. This viewpoint can be mitigated by careful questioning of the instructor in class and through peer discussion in learning teams. Learners are in a case environment, through learning teams and in class session, and are encouraged to address their “prejudices” by their peers and the instructor. This is not readily the situation in lecture style learning. In a lecture format you can easily opt out when “controversial” issues are discussed. It is for this reason that good case teachers build a trusting relationship in the classroom, through knowing the learners’ backgrounds.

Case maps are a means to reflect the build-up of experiences that are necessary when employing case-based learning. Such case maps highlight: the placement and sequencing of cases; their underlying framework; the industry, and the time of the occurrence; their relevance to the core materials of a specific course; case sources and learning objectives (often including words that link directly to Bloom, 1956).

Curriculum mapping, such as the case map, is a product of increased focus on teaching and learning, coupled with curriculum review, reform and quality initiatives in higher education (Jacobsen, *et al.* 2018; Oliver and Hyun 2011). The benefits of curriculum mapping, including in this instance case mapping, within extant generic accounting programs, are several: documenting, aligning,