

Experiential Simulations of Ethical Dilemmas in Accounting: Overcoming Challenges to Stimulate Ethical Thinking

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Abstract. Given the current business environment, business managers and accountants are more likely to encounter situations with ethical implications. Hence, business and accounting education should prioritize ethical skills such as critical thinking. However, significant pedagogical challenges await those who wish to venture down this path. Despite new educational tools in business and accounting ethics, we believe that new activities are needed to improve the acquisition of skills in professional ethics among students. Thus, we developed experiential simulations of ethical dilemmas inspired from what business managers and accountants typically encounter in their practice. More specifically, we created online simulations in the form of videos and interactive content. The purpose of these simulations is to help students experience the emotions that can be felt when faced with an ethical dilemma. They also provide a means of understanding the emotions of other characters and of thinking about how their actions affect others.

Keywords: critical thinking, emotions, ethical dilemmas, experiential learning, pragmatism, simulations.

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“In a world beset by daunting ethical problems, there are, I think, viable arguments to be made about a responsibility to teach students not just theories about ethics, but also ways in which to strengthen their capacities for ethical action.” (Kretz 2020, 6)

1. Introduction

Scandals such as Enron and WorldCom have contributed to the wave of changes that have recently impacted the business world, and more specifically the accounting profession. Today, these events are ghosts that continue to serve as daily reminders of the need to better prepare accounting students to make ethical decisions (Giacalone and Wargo 2009; Haas 2005; Mintz 2006; Martinov-Bennie and Mladenovic 2015). Against the backdrop of an increasingly complex business

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environment, accountants are, more than ever, likely to encounter situations in their day-to-day work that have ethical implications and that require in-depth critical reflection. While technical knowledge remains a necessity, national and international accounting institutes have agreed that accounting education should also emphasize ethical skills such as critical thinking, which can help students think independently and openly, respect the opinions of others, evaluate their own moral compass, and make their own judgments based on their own principles.

For example, the Institute of Management Accountants (IMA 2019) has recently emphasized the need for students to develop an awareness of ethical issues in professional accounting practice. The Pathways Commission (2015) also highlighted the need for accounting students to recognize the ethical dilemmas that they are likely to face and to apply an ethical reasoning process to solve them. Similarly, the International Accounting Education Standards Board (IAESB 2019, p. 62) notes that accounting students must develop “a greater awareness of the ethical implications and potential conflicts for individuals and businesses that may arise from having to make complex management decisions”. To do so, the IAESB (2019, p. 62) suggests developing learning activities that relate to “(a) particular ethical issues likely to be faced by all professional accountants, (b) those ethical issues more likely to be encountered by professional accountants in their respective roles, and (c) key considerations in developing appropriate responses to such ethical issues”.

These views chime with recent arguments put forward in academic circles. According to Thomas (2012, p. 299), “the transference of ethical standards has been described as essential to the socialization of students into the accounting profession”. Gittings *et al.* (2020) argue that universities now have a duty to do more than just teach the theoretical concepts of accounting by also focusing on the development of students’ personal and transversal skills, including critical thinking, conflict resolution and professional ethics (see also Blanthorne 2017; Bricklin 2001; Cheng *et al.* 2020; Hurtt and Thomas 2008; Previts and Merino 1998). While there appears to be some degree of consensus around the importance of ethics in accounting curricula, teaching the discipline to accounting students raises challenges that are often overlooked.

Accustomed as they are to designing their courses in an academic context rooted in traditional pedagogical approaches (Previts and Merino 1998), accounting professors who opt to venture into the teaching of ethics generally find themselves thrown outside their comfort zone (Subramaniam *et al.* 2013). The shock is felt just as acutely by students, who tend to have little experience of developing personal skills, with accounting courses focusing more on specific technical issues. This situation is a contributing factor to the significant pedagogical challenges facing anyone wanting to venture into teaching ethics to accounting students.

However, a range of pedagogical tools have been developed in recent decades to encourage critical reflection in the business world. Today, some of these tools

are widely recognized and used in business schools, particularly those stemming from the approaches known as Giving Voice to Values¹ (GVV, Gentile 2010) and EthicsGame² (Baird 2017), which offer learning activities such as case studies, simulations, and teaching programs. Though relevant, these have not been designed specifically for accounting students, thereby limiting the scope of learning related to professional accounting ethics. In response to calls for the development of materials for accounting students (e.g., Haas 2005; Mintz 2006), some scholars have provided insight on how to apply GVV to the accounting curriculum (Christensen *et al.* 2016; Cote *et al.* 2011; Shawver and Miller 2018; 2021), while others have developed new pedagogical activities for accounting ethics courses, such as an “ethics bingo game” (Haywood *et al.* 2004) and a “practice-oriented assignment” (Borderman and Westermann 2019), both of which are designed to familiarize students with the accounting code of professional conduct. Another example is the “ethics interview” approach (Killian *et al.* 2021), in which students are encouraged to understand the issues and challenges of professional practice through discussion with accountants. Despite these notable advances, we believe that new activities are still needed to improve the acquisition of skills in professional ethics among accounting students.

It is against this backdrop that we developed experiential and engaging simulations of ethical dilemmas in accounting through role-playing. In these simulations, each student is assigned the role of an accountant in a fictitious organization and experiences a problematic situation inspired from what accountants typically encounter in their practice. More specifically, we used technological tools to develop simulations in the form of videos and interactive content that ultimately lead students to make an ethical decision involving a choice between two options. By offering them a choice, students find themselves acting as the hero (i.e., the main character) of their own story. Immediately after making this choice, students receive a response to their decision that aims to challenge their motivations and ethical courage. The purpose of these simulations is to help students understand – and even experience – the emotions that can be felt when faced with an ethical dilemma. They also provide a means of understanding the emotions of other characters within the dilemma and, consequently, of thinking about how their actions affect others. Once the simulation is complete, students must engage in an ethical deliberation process that includes developing a script of how they will explain their decision to others while taking care not to harm their own interests.

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1. For further details about this approach and to access the learning tools associated with it, readers should consult the following website: <https://www.darden.virginia.edu/ibis/initiatives/gvv>
 2. For further details about the teaching programs in business ethics proposed in this approach, readers should consult the following website: <https://www.ethicsgame.com>

This learning activity forms part of a pragmatic approach to ethics. Theory is used as a tool to help students better understand their own reactions, although the learning objective remains the development of their “ethical muscle” (Gentile 2010) and the ability to make informed decisions. The simulations are also a response to three challenges that we encountered in the course of training our students in ethics: (1) the technical nature of the profession; (2) the balance between theory and practice; and (3) student engagement. These challenges are presented and discussed in the following section.

In summary, our contention is that the learning activity we are proposing has the potential to help teachers of accounting and business ethics provide better training to students, including by inspiring them to develop their own simulation. Teachers can also draw on some of the ideas that we leveraged, notably the concept of ethical deliberation (including an analysis grid and a group discussion), to develop students’ critical thinking. Finally, we are of the view that highlighting our solutions to the challenges encountered in the course of developing our learning tool will spur on those looking to provide their students with an experience of ethics that goes beyond the mere transfer of knowledge.

2. Teaching Strewn with Challenges

While ethics now plays a central role in the accounting profession, its teaching has been the focus of much debate since the late 1980s (Bampton and Cowton 2013; Hurtt and Thomas, 2008; Gittings *et al.* 2020; Loeb 1988; Madison and Schmidt 2006; Mintz 2006; West and Buckby 2020). Studies in this area have produced important findings around how to teach ethics courses, with the consensus being that students should be encouraged to adopt ethical behaviors, to be made aware of the consequences of their actions, and to be provided with a framework to think and talk about ethical issues. Courses should also expose them to theories capable of helping them to define their ethical arguments, increase their ability to distinguish between different actions, and provide them with opportunities to reflect on the issues and challenges that they are likely to encounter in their own practice when they will have less time to consider alternatives (Hooker 2003). Developing pedagogical tools that combine all these components is no easy task. Our experiment highlighted three main challenges that should be considered when engaging in such activities with accounting students along with ingredients to overcome these challenges.

2.1. A Technical Profession: Going Beyond Rules

The teaching of accounting has often been described as technical, not least because it is based on an overarching standardization that students must learn.