AN INTERDISCIPLINARY MASHUP: FUSING THE ACCOUNTING CONCEPTUAL FRAMEWORK WITH ETHICS

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ABSTRACT

Despite notable legislation designed to improve corporate governance, as well as an increased emphasis on professional codes of conduct, ethical scandals continue to plague the accounting profession. Furthermore, when watching the news or reading periodicals, we do not frequently see headlines of accountants saving the world or winning awards, but rather announcements of accounting fraud. This case gives you, the future business professional (whether an accounting major or someone studying another professional discipline), an opportunity to think about core financial accounting concepts through an ethical lens. Based on course lectures, your course text, examples you may find online, and your personal experience, you will select elements from the accounting conceptual framework and provide your opinion/reflection as to whether each element does (or does not) support (aka mashup with) an element from the ethical value framework. By completing this case with critical thinking and professional judgment, you will increase your understanding of both the accounting conceptual framework and ethics concepts, as well as identify the value of using an ethical framework in accounting decision-making.

Keywords:
Accounting conceptual framework, Ethics, Financial accounting

From the Oxford Dictionary (Oxford Dictionary 2018):

> mashup or mash-up (noun)
> [mash-uhp]
> Definition: a mixture or fusion of disparate elements.
> Example: "the movie becomes a weird mashup of 1950s western and 1970s TV cop show"

1. Background and introduction

1.1 The mashup of financial accounting and ethics

In the award-winning Fox TV show *Glee*, the embattled glee (choir) director William Schuester commonly united his disparate group of teenage singers by challenging them to perform a musical mashup. During an epic monologue to his students, Mr. Schuester described a mashup as “when you take two songs and mash ‘em together to make an even richer explosion of musical expression” (Fox 2009). Some of the most famous mashups from the show’s six year series run are “Survivor” by Destiny’s Child and “I Will Survive” by Gloria Gaynor, “Thiller” by Michael Jackson and “Heads Will Roll” by the Yeah Yeah Yeahs, and "Halo" by Beyoncé Knowles and "Walking on Sunshine" by Katrina and the Waves.

In many accounting classrooms, we also commonly think of accounting and ethics as a mashup of disparate themes (almost as crazy as mashing up “I Could Have Danced All Night” from the Broadway musical *My Fair Lad*y with Sisqó’s 2000 R&B song about adult underpants—another oddly notable mashup from *Glee*). And why shouldn’t we? When watching the news or reading *The Wall Street Journal,* we do not frequently see headlines of accountants saving the world or winning global peace awards, but rather announcements of accounting professionals involved in fraud, deceit, collusion, and rampant policy-breaking (Armstrong, Ketz, and Owsen 2003). Ethical scandals continue to plague the accounting profession in spite of legislation designed to improve corporate governance, (e.g., the Sarbanes-Oxley Act of 2002; the Dodd-Frank Act of 2010), redoubled attempts at professional and ethical reform (Pergola and Walters 2017), and commonly referenced codes of conduct (e.g., American Institute of Certified Public Accountants – Code of Professional Conduct; Institute of Internal Auditors – Code of Ethics; Institute of Management Accountants – Statement of Ethical Professional Practice). Corporate abuses enabled by accounting transgressions have led the general public to seriously question the ethical standards and integrity of those charged with accounting responsibility and oversight (Mastracchio, Jiménez-Angueira, and Toth 2015). The continued emergence of ethical lapses has also been considered indicative of a significant failing within ethics education across the business disciplines (Pergola and Walters 2017).

1.2 Real-world examples of both accounting rule and ethical code violations

1.2.1 Enron and Arthur Andersen

Enron, an American energy company, was at one time the seventh largest company in revenues in the United States and was highly touted as being an innovative marketer in natural gas and electricity (Chaney and Philipich 2002). On October 16, 2001, Enron announced that thirdquarter earnings would include a nonrecurring charge (i.e., loss) of $1.01 billion after tax because of errors in accounting (Chaney and Philipich 2002; SEC 2004). The Securities and Exchange Commission (SEC) also initiated civil charges in 2004 against Kenneth L. Lay, former Chairman and Chief Executive Officer of Enron, for his role in the wide-ranging scheme to defraud by falsifying Enron's publicly reported financial results and making false and misleading public representations about Enron's business performance and financial condition (SEC 2004).[i]

Arthur Andersen, Enron’s auditor at the time of the Enron fraud, was the fifth largest auditing firm in the world with revenues of $9.3 billion, employing 85,000 people in 84 countries (Chaney and Philipich 2002). On November 8, 2001, Andersen received a subpoena from the SEC for documents related to Enron and on December 4, 2001, Joe Berardino, Andersen's then CEO, wrote an op-ed for *The Wall Street Journal* stating that Andersen would acknowledge mistakes if they had been made (Chaney and Philipich 2002). However, on January 10, 2002, Andersen officials notified the SEC and the Department of Justice that Andersen personnel involved with the Enron engagement had disposed of (i.e., shredded) a significant but undetermined number of electronic and paper documents, as well as correspondence related to the Enron engagement (Chaney and Philipich 2002).

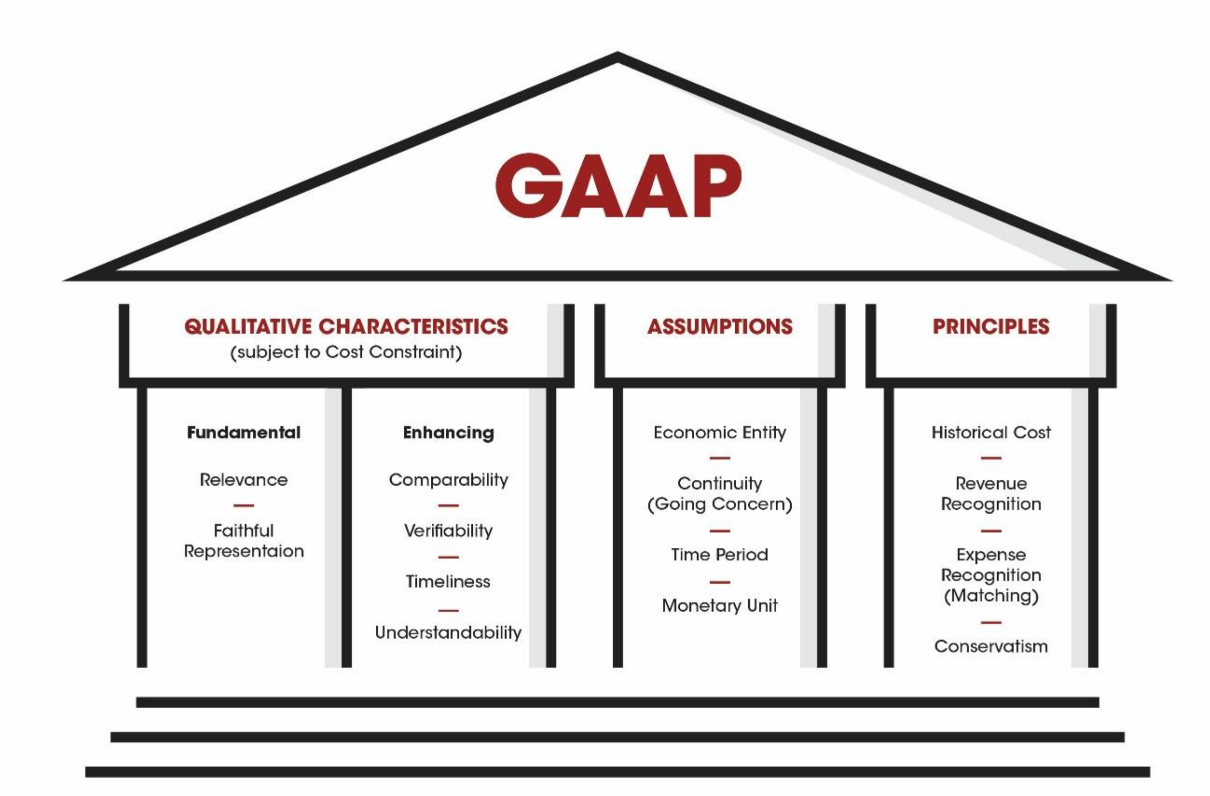
1.2.2 Monsanto Company

In February 2016, an SEC investigation found that Monsanto Company, an agricultural biotechnology company most known for the product Roundup, had insufficient internal accounting controls to properly account for millions of dollars in rebates offered to retailers and distributers after generic competition had undercut Monsanto’s prices, resulting in a significant loss of market share for the company (SEC 2016). Monsanto booked substantial amounts of revenue from sales incentivized by the rebate programs, but failed to recognize all of the related program costs at the same time. Therefore, Monsanto materially misstated its consolidated earnings in corporate filings during a three-year period. Monsanto agreed to pay $80 million in penalties and retain an independent compliance consultant to settle charges that it violated accounting rules and misstated company earnings. Furthermore, penalties and charges were also sought against Monsanto accounting executives Sara M. Brunnquell and Anthony P. Hartke, and sales executive Jonathan W. Nienas. In a statement from the SEC, Andrew J. Ceresney, then Director of the Division of Enforcement, said, “Improper revenue and expense recognition practices that obscure a company's true financial results have long been a focus of the Commission. We are committed to vigorously pursuing and punishing corporate executives and other individuals whose actions contribute to the filing of inaccurate financial statements and other securities law violations” (SEC 2016).

1.3 The accounting conceptual framework

Despite the accounting transgressions summarized above and the myriad of many others (e.g., WorldCom, Sunbeam, Waste Management, Olympus, Toshiba, Tyco, Xerox, etc.), financial accounting is intended to have a reliable structure. In the United States, generally accepted accounting principles (GAAP) specifically rest on a conceptual framework of accounting set forth by the Financial Accounting Standards Board (FASB). This framework flows logically from the fundamental objective of financial reporting, which is to “provide information that is useful to present and potential investors and creditors and others in making investment, credit, and similar resource allocation decisions" (FASB 2006). The accounting conceptual framework is designed to support the development of a consistent set of accounting standards and provide a consistent body of thought for financial reporting. More specifically, the accounting framework provides guidance on identifying business transactions to be represented, how they should be recognized and measured, and how they should be summarized and reported (or disclosed). The framework consists of core characteristics, assumptions, and principles as summarized in Figure 1 below:

Figure 1: The Accounting Conceptual Framework



1.4 An ethical value framework

Most business majors are required, or elect voluntarily, to take a course in business ethics. Depending on when you took this course (or if you haven't taken it yet) and who your professor was (may be), you may have used different terms or a different framework to help you think about ethics. However, you can probably at least appreciate the five traditional ideas (detailed below) about what contributes to human well-being, more commonly called "values."[ii] When we talk about "doing the right thing" or "acting ethically" or "being an ethical person," we are simply thinking about whether the people or actions in question are concerned with these values:

- **Happiness:** we should attempt to decrease suffering and/or increase happiness for any beings who are capable of suffering (most closely associated with utilitarianism).
- **Autonomy**: we should respect the autonomy of any beings capable of self-direction (most closely associated with deontology).
- **Equality**: we should give equal treatment and ensure equal outcomes for all persons (associated across various ethical theories).

- **Trust**: we should cultivate trust among entities capable of giving or withholding trust (most closely associated with contractarianism).
- **Virtue**: (Internal Excellence): we should engage in behavior that shapes our characters in healthy ways. The idea of "internal excellence" also translates to the levels of society and organization, but on those levels we use the word "*culture*" more often than the word "*character*" – but the general concept is the same (most closely associated with virtue ethics).

1.5 Is ethical reasoning difficult?

We engage in ethical reasoning when we consider one or more of the ethical values. This is not difficult at all. In fact, we've all been doing it since we were children. Whenever children say "that's not fair" or "that hurt my feelings" they are beginning to think about how ethical values (equality and happiness, respectively) apply to real life. But doing ethics *well* is not always easy, and sometimes it is quite difficult. There are four things that may make ethical reasoning difficult:

1. It may be difficult to understand if or how a particular value applies in a particular situation.
2. There are situations when we must consider trade-offs between the values.
3. There are also situations when we must consider trade-offs between people, groups, or stakeholders (for example, if your city is considering a law that will help one group, but the very same law will harm another group).
4. These values apply at different levels, because we could be considering individuals, organizations, or entire societies.

When these situations occur, there is no formula for solving them. We must use our critical thinking abilities and engage honestly in discussions with others in order to find the best course of action. For example, how does a manager decide whether or not to discontinue an operating segment or division if it means laying off a substantial amount of the workforce? Should an HR manager let a colleague, that is also a close friend, know they are going to be laid off before the official company announcement takes place? Should a company assemble a product of lower quality, with a probability of harm to end users, to save money against the bottom line and to appease potential investors?

2. The case

2.1 Case requirements

While we might not consciously think about financial accounting through an ethical lens, the characteristics, assumptions, and principles in the accounting conceptual framework are meant to fairly protect all users of the financial statements. Based on course lectures, your course text, and examples you may find online, as well as your personal experience in, and interpretation of, the business world, select any four of the elements from the accounting conceptual framework and provide your opinion/reflection as to whether each element does (or does not) support an element from the ethical value framework. Otherwise said, ask yourself if the accounting conceptual framework is a good *mashup* with the ethical value framework. Of the four elements from the accounting conceptual framework, you must choose from at least two different pillars (i.e., you can't choose all the principles, but say 3 principles and 1 characteristic). In addition, you must refer to at least two different elements from the ethical value framework. For example: 1) historical cost and happiness; 2) revenue recognition and happiness; 3) conservatism and happiness; and 4) verifiability and trust.

Your reflection on each element should be between 1/2 – 3/4 page single-spaced, citing all sources, as applicable. This assignment does not have just one single, correct answer. Your assignment will be graded on the clarity and completeness of each response, the quality of your reasoning, and your ability to provide examples supporting each reflection. Be creative, think critically, and think ethically.

3. Teaching Notes

3.1. Learning objectives

This case allows instructors to fuse student learning with regard to the financial accounting conceptual framework and ethics concepts. More specifically, this case gives future business professionals, whether accounting majors or non-accounting majors, an introductory level opportunity to think about core financial accounting concepts through an ethical lens. The case is also designed to provide instructors the flexibility to deliver the materials across a range of different majors, as well as to offer significant opportunities for students to exercise their critical thinking and communication skills. The four learning objectives for this case study are accomplished through different learning methods integrated into the simple, yet effective, case design.

- LO1 To explain and discuss the accounting conceptual framework and its related elements (i.e., accounting characteristics, assumptions, and principles).
- LO2 To explain and discuss an ethical value framework.
- LO3 To analyze the accounting conceptual framework using ethics concepts.
- LO4 To understand the importance of evaluating accounting decisions using an ethical framework.

3.2. Motivation

Our motivations for this case are threefold. First, we aim to increase awareness of ethical issues in today's business environment among both accounting *AND* non-accounting majors. While numerous accounting ethics cases have been published in the primary accounting education journals (i.e., *Issues in Accounting Education*, *Journal of Accounting Education*, etc.), very few of these cases are specifically designed for integration in an introductory accounting course. As introductory accounting classes are commonly part of the core body of knowledge of a business administration degree, thinking about accounting through an ethical lens can significantly abet the skillset of any young professional (Massey and Van Hise 2009). Furthermore, an analysis of the significant global accounting frauds over the last two decades uncovers that both accountants *AND* non-accountants were financial statement fraud perpetuators, as well as the fraud busters.

Second, numerous stakeholders in accounting education, including the American Accounting Association (AAA) and the Institute of Management Accountants (IMA), have recently put forth calls to educate the future professional in a rapidly changing world.[iii] New economic, technological, ecological, and sociological factors are all disrupting, impacting, and challenging the current business environment. These factors will undoubtedly reshape the types of ethical business decisions that professionals (both accountants and non-accountants) will be asked to make. These calls are in addition to the extant requests for accounting educators to increase ethics instruction in accounting courses (Massey and Van Hise 2009; Mintz 2007; National Association of State Boards of Accountancy [NASBA] 2005). However, educators' responses to the calls, both present and past, is generally limited, in large part, to three challenges: 1) lack of space in the curriculum; 2) inadequate instructional resources; and 3) faculty members' discomfort in teaching ethics due to a lack of formal training (Massey and Van Hise 2009; Blanthorne, Kovar, and Fisher 2007). This case intends to respond to these challenges by developing the professional identities and enhancing the interdisciplinary perspectives of future decision-makers, while at the same time packaging content for educators that is easily implemented and relates to common introductory financial accounting concepts already used in core curriculums.

Third, and perhaps the main overarching motivation for this case, is to incorporate, or mashup, the study of humanities and business. In a 2016 article published in *The Chronicle of Higher Education*, John McCumber, a professor of Germanic languages at UCLA, provided commentary on how studying humanities can help fix the world (McCumber 2016). Defenses of the humanities (and why they should be incorporated across all disciplines, including highly quantified disciplines) have tended to take two paths. One, the more traditional path, points out that life is not simply a matter of careers, and that the humanities address the higher concerns that make it worth living. Two, a more practical path, asserts skills taught in the humanities such as critical thinking, as well as knowledge of different cultures and belief systems, are in fact very useful for careers, especially at the higher levels of business and politics. In summary, people with humanistic training tend to succeed both at life and in their careers. Furthermore, as McCumber argues, it is the humanities that teach us how to open ourselves up to what is different (McCumber 2016). A society that does not teach the humanities to as many people as possible is potentially inviting trouble, as that society does not have a shared foundation of a just and humane world. For example, is it possible to have a graduating class of young professionals who are creative, energetic, entrepreneurial, and technologically informed – and totally comfortable with the gross depletion of natural resources and/or a disregard for the well-being of marginalized stakeholders?

Related to McCumber's view, Caryn Beck-Dudley, Dean of the Leavy School of Business at Santa Clara University and the new Vice-Chair/Chair-Elect of the Association to Advance Collegiate Schools of Business (AACSB), stated in a recent address that "our traditional role as well as our continuing role [as educators] is to educate the new class of entrepreneurs and future business owners and employees. What changes, however, is that we can no longer have curriculum and courses informed only by [traditional business] disciplines" (2018, p. 167). To help young business professionals strive, Beck-Dudley argues that our institutions must be catalysts for innovation, co-creators of knowledge, hubs of lifelog learning, leaders on leadership, and enablers of global prosperity.

3.3. *Implementation guidance*

While this case was originally written to be an introduction to the accounting conceptual framework and ethics for undergraduate financial accounting students, the materials can be easily modified for a number of audiences, including undergraduate and graduate courses in intermediate accounting, financial statement auditing, internal auditing, business ethics, or corporate governance. Given the subject matter, how and when the case is implemented will vary from course to course, but the learning objectives are likely maximized if students have been introduced to the accounting conceptual framework in some capacity (most commonly through an introductory financial accounting textbook), and have completed practice exercises in accounting transaction analysis and journal entries. The case has 3 distinct parts for implementation, which allow students to incrementally build their comprehension and application: Part I – background reading and understanding; Part II – in-class lecture and class brainstorming; Part III – application and integration of knowledge.

In Part I of the case, instructors assign the background, introduction, and case requirements for reading outside of class. Instructors may elect to provide a high-level overview of the case prior to the Part I reading assignment, but the case materials are written as a stand-alone introduction so this may not be necessary. Data collected from student participants indicates the out of class reading time for Part I is only approximately 20-30 minutes.

Part II of the case commences in a class period subsequent to the Part I reading assignment. Instructors may choose to start the class with a recap of the Part I reading, or by soliciting responses/reflections from students. At minimum, instructors should ensure that students have a general comprehension of the elements within both the accounting conceptual framework and the ethical value framework, as presented. This may be done simply by reviewing the elements individually, or by providing real-world anchors or scenarios for the components. The primary purpose of Part II, however, is to provide students the opportunity to brainstorm and discuss their thoughts individually, in small groups, and then as an entire class. In preparation of the final assignment in Part III, instructors should judgmentally make two pairings, or mashups, using the frameworks. We traditionally started our lectures using conservatism from the accounting conceptual framework and happiness from the ethical value framework. Students were then asked to jot down reflections on the two concepts, on their own, for approximately five minutes. After five minutes, students were then given 5 more minutes to compare their conceptual mashups within small group of 2-3 classmates. Finally, we asked students to offer their reflections as part of an entire class brainstorming session. As ideas are generated (and written on the board or overhead projector), instructors should challenge students by asking how/why their reflections support (or not support) a suitable mashup. For the specific pairing of conservatism and happiness, students commonly comment that the conservatism principle does seem ethical, using depreciation and impairment analyses (fixed assets), lower of cost or market rules (inventory), and/or allowance for doubtful accounts (accounts receivable), as examples. To introduce some tension in the case, if not already done so by students, instructors can bring up valuation issues and the potential appreciation of assets over time (e.g., land). Following the same pattern as above, we then ask students to consider (individually, in small groups, and then as a class) the mashup of comparability from the accounting conceptual framework and equality from the ethical value framework. Students generally note that this is also an ethical mashup of concepts, especially through the lens of financial statement users like investors or banks, using Coke and Pepsi, Target and Wal-Mart, or other like companies as examples. Alternatively, students may comment that comparability limits a company's ability to reflect their unique operations or financial successes. Instructors may acknowledge these facts to some extent, but also comment that a company's use of Management Discussion and Analysis (MD&A), voluntary disclosures, and press releases. In total, Part II of the case takes approximately 45 minutes of in-class time after accounting for additional student questions.

After Part II of the case is completed, students are specifically assigned the case requirements. Instructors may elect to assign the case as an independent assignment, and then form small groups during a debrief session to allow for discussion and exposure to different perspectives. Alternatively, instructors may elect to assign the case to groups of 2-4 students. Completion of the questions as a group promotes additional dialogue and knowledge-sharing among students.[iv] Thorough completion of the case takes approximately 3 hours. As such, most of Part III work is completed outside of class, however, instructors can allow for additional work time in subsequent class periods. If this case is assigned for grading, a rubric can be used for assessment.[v] There is no one right solution for this case, as it is intended to garner personal reflections of the accounting conceptual framework through an ethical lens. Instructors should evaluate responses on each student's ability to define the accounting and ethics concepts, and provide sufficient, appropriate examples supporting the relationship (or non-relationship) between their chosen concepts. Student responses are typically drawn from textbook problems, instructor-specific examples delivered in lectures, personal on-the-job experiences, and real business scenarios pulled from Internet searches. Two examples of student mashups have been provided in Appendix A.

3.4. Evidence regarding case efficacy

To obtain evidence regarding case efficacy and student perception feedback, we tested the case in four separate undergraduate financial accounting courses, with three different professors, at a major university in the Pacific Northwest.[vi] One hundred six students participated in the case, with seventy-six students providing specific and complete quantitative and qualitative feedback measures to assess learning against the case objectives. Table 1 provides descriptive information about the participating students, including whether they previously took an ethics course.

Table 1 Demographics and experience (n = 76)

General[vii]					
Female	43 (56%)	Male	31 (41%)	No Answer	2 (3%)
Full-Time	73 (96%)	Part-Time	1 (1%)	No Answer	2 (3%)
Domestic	65 (85%)	International	9 (12%)	No Answer	2 (3%)
Ethics Class	49 (64%)	No Ethics Class	27 (36%)	No Answer	0 (0%)
Declared Major					
Accounting	7 (9%)	Finance	12 (16%)	Nursing	3 (4%)
Arts & Sciences	7 (9%)	Intl. Business	7 (9%)	Pre-Business	13 (17%)
Comp. Science	2 (3%)	Management	9 (12%)	Undeclared	1 (1%)
Economics	2 (3%)	Marketing	11 (14%)	No Answer	2 (3%)

First, all students completed pre- and post-case questionnaires to provide direct evidence of learning from the case materials. Approximately two weeks prior to the case assignment, students were given a self-assessment related to the case learning objectives. Upon completion of the case, all participating students were asked to complete a similar post-case assessment. The average (untabulated) pre-case self-assessment score was 2.69 (on a five-point Likert scale) and the average post-case self-assessment score (untabulated) was 4.12 (based on the same five-point Likert scale), which represents a fifty-three percent improvement in self-assessed knowledge. These assessments, detailed in Table 2, support learning objectives LO1 through LO4.

Table 2
Student learning and efficacy: comparative self-assessment results (n = 76)

LO	Question[viii]	Self-assessment average (pre)	Self-assessment average (post)	t-value	p-value
1	I can clearly explain and discuss the accounting conceptual framework and its related elements (i.e., accounting characteristics, assumptions, and principles).	2.42	3.91	14.374	<0.001
2	I can clearly explain and discuss an ethical value framework.	2.28	4.08	14.343	<0.001
3	I can analyze the accounting conceptual framework using ethics concepts.	2.05	3.95	14.366	<0.001
4	I think it is important to learn how to evaluate accounting decisions using an ethical framework.	3.99	4.54	3.467	<0.001

Second, administering faculty members across three of the four classes objectively graded the workpaper deliverables prepared by seventy students. Grading was completed using the author-generated rubric, which is available from the corresponding author upon request. The rubric assigns points for each pairing as follows: 1) identifying each accounting concept appropriately (1 point); 2) identifying each ethical concept appropriately (1 point); 3) presenting a persuasive argument for each accounting/ethical concept mashup (2 points); and 4) logical organization and grammar (1 point). Each completed assignment was graded on a scale of 20 (high) to 0 (low).[ix] The average assignment score was 18.7 (high = 20.0; low = 15.25), and the average assignment score did not fluctuate significantly from class to class (untabulated). These assessments specifically support learning objectives LO1, LO2, and LO3.

Third, all participating students were asked to anonymously respond to a survey after the case was completed. Students answered a series of statements related to the case objectives, as well as their beliefs regarding the case difficulty, interest, and potential applicability of the case at other universities. Quantitative responses were based on a standard Likert scale ranging from 5 (strongly agree) to 1 (strongly disagree), and qualitative open-ended questions were asked to support the Likert assessments. Students indicated (agreed or strongly agreed) they learned a lot from the case (95%), found the case interesting (92%), enjoyed working through the case materials (80%), and recommend the case be used in future courses at their university, as well as other universities (91%). Furthermore, students found the case difficulty appropriate for their level of education and experience (97%), and believed the instructions to be clear (96%). As related to the specific frameworks presented in the case, students confirmed (agreed or strongly agreed) the assignment increased their understanding of the accounting conceptual framework (100%), increased their understanding of ethics concepts (97%), and was effective in showing the value of using an ethical framework in accounting decision-making (96%).

In qualitative responses from students, three major case benefits are noted. First, the case allows students to think about accounting beyond the numbers (i.e., debits and credits), including the impact financial statement information can have on all stakeholders. Second, the assignment allows students to draw from real-world scenarios as seen in the news or experienced in their personal lives, and apply them in an accounting context. Third, as students are able to write their reflections based on their own pairings from the ethical value framework and the accounting conceptual framework, in addition to having no one set of right answers, the case allows freedom of interpretation as related to financial accounting. The consistent note of improvement for future implementation is to allot as much time as possible to Part II to make clear what would make a "good" or "bad" mashup between the two frameworks.

Our observation as instructors, as well as student feedback, suggest that this case enables students to employ higher level skillsets as they make connections between standard classroom lectures and actual, real-world accounting issues. We also witness increased student participation, interaction, and knowledge-sharing as students deliberate the accounting concepts and ethical concepts during the in-class brainstorming and discussions.

4. Conclusion

Critical thinking with an ethical mindset is one of the most sought after employee talents across all disciplines today, but also one of the hardest behavioral skillsets to learn. This case gives future business professionals, whether accounting majors or non-accounting majors, an introductory level opportunity to think about core financial accounting concepts through an ethical lens. Moreover, this case seeks to mashup the humanities with business education, so as to prepare students for the multitude of complicated, complex decisions they will face in their careers. As written by Armstrong, Ketz, and Owsen (2003), it is important that we, accounting educators, realize that we play an important part in our students' moral maturation, especially since we are commonly the leaders in our professional community to which students are first exposed.

Feedback and efficacy measures indicate that upon completing this case, students increase their understanding of the accounting conceptual framework and ethics concepts, as well as identify the value of using an ethical framework in accounting decision-making. Furthermore, students overwhelmingly signal they learn a lot from the case, find the case interesting, and recommend the case to students at other universities.

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Appendix A
Example student mashups

Example 1

An example of the importance of happiness in the accounting world is when it is applied to the matching principle. Happiness is the basic principle that we should attempt to decrease suffering and/or increase happiness for others. The matching principle focuses on recognizing expenses when they are incurred, even if not paid. It also focuses on matching the expense or cost to the revenue in the same period. This ensures companies cannot hide, delay, or misrepresent expenses in order to seem more profitable. This is important for happiness because a company must aim to avoid misrepresenting its profitability so investors and companies can make important financial decisions on accurate data.

The WorldCom scandal in 2002 was discovered after an internal audit found improper accounting of more than $3.8 billion in expenses over five quarters. WorldCom effectively reduced operating expenses which made income seem larger. Additionally, WorldCom classified some expenses as assets, which also made the company more enticing to investors. The WorldCom scandal was very bad news for company employees, as seventeen thousand workers were terminated. Due to the misstated billions of dollars of expenses, investors no longer trusted or desired to invest in the company. The U.S. market also took a bit hit. Since WorldCom did not appropriately apply the matching principle, and in consideration of faithful representation, numerous stakeholders were harmed (i.e., decreased happiness).

Example 2

Trust is the belief in the reliability, virtue, ability, and actions of someone or an entity. Per the trust value in this case, when people treat each other well, they begin to trust each other, and living in a high trust environment makes possible many of the things that we associate with a good life. In the accounting world, trust means firms must be accurate and honest with their processes and records in order to build trust with all stakeholders. As a result, collaboration and work effectiveness will increase because people and firms will believe in each other and make better decisions. Trust is fundamentally perceived through the accounting principle of faithful representation. To faithfully represent means to use measureable data to represent the current economic state of a company. Companies achieve this through information that is unbiased, reliable, and error free. When investors or clients trust the financial information, a relationship is built between stakeholders. However, if faithful representation is violated, trust is broken.

One example of this is when Regina Vacuum improperly backdated invoices to make it appear that revenue occurred in an earlier period on the financial statements. The company specifically backdated sales invoices, improperly recorded revenue on consignment sales that had not been earned, and hid unpaid bills to reduce expenses. The company clearly violated the GAAP principle of faithful representation by changing numerous aspects of their economic state. This break of faithful representation caused the company to lose investors, suffer diminished reputation, and have two executives sentenced with criminal charges.

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[i] Note that Kenneth Lay was not an accountant. He received his B.A. and M.A. in economics from the University of Missouri, and earned a Ph.D. in economics from the University of Houston.

[ii] All of the moral theories arguably conflict with each other in various ways, but there are plenty of dimensions where the theories agree. For example, virtue ethics and deontology are both concerned with the reasons behind an action. Contractarianism and utilitarianism are both concerned with general social welfare. For every point of convergence between the theories, however, there are even more divergences. We judgmentally propose these five traditional values as they can be thought to be shared, like the roots of trees in a forest of moral theories.

[iii] See the AAA's call for papers, "Educating the Future Accounting Professional: Actively Shaping Professional Identities for a Rapidly Changing World," and the IMA's call for papers, "Carl Menconi Ethics Case Competition."

[iv] We experienced no significant difference in learning objective assessments or assignment scores if the case was completed individually or as part of a small group.

[v] Complementing the efficacy results found in the following section, a rubric was used to specifically grade the assignments of seventy undergraduate students from three different sections of undergraduate introduction to financial accounting. The average student score was 18.7 out of 20.0 (or approximately 94%). In a separate section of introduction to financial accounting, the project was graded independently on a 0-5 scale for extra credit. The average score of the extra credit assignment was 4.5 out of 5.0 (or 90%).

[vi] Necessary IRB protocols were followed for the collection of student efficacy data.

[vii] The average age of all participants was 19.3 years. Youngest age = 17 (1 student). Oldest age = 23 (1 student). Mode = 19 (35 students).

[viii] Students responded to these statements using a standard Likert scale ranging from 5 (strongly agree) to 1 (strongly disagree).

[ix] Each administering faculty can weight the case, as appropriate, to fit their respective course grade categories. For example, one professor scaled the 20-point rubric to add bonus points to a midterm exam, while another professor included the project as part of a "Special Projects" component of their course that counted toward 10% of the final course grade. Instructors may also use the rubric to have students peer evaluate 1-2 case assignments of other class members.

Note:
Learning and efficacy data is available from the corresponding author upon request