Accounting Ethics Training and Professional Conduct Outcomes

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Abstract

This research investigates the longitudinal efficacy of a novel, narrative-based pedagogical framework for accounting ethics training, contrasting it with traditional rule-based and case-study methods. While existing literature extensively documents the necessity of ethics education, it predominantly focuses on short-term knowledge acquisition and declarative understanding of professional codes. This study introduces and evaluates the 'Ethical Scenario Immersion and Reflection' (ESIR) model, a methodology grounded in cognitive narrative theory and immersive simulation, designed to foster deeper ethical reasoning schemata and prosocial behavioral intentions. We posit that by engaging accounting students and early-career professionals in extended, morally ambiguous narrative scenarios requiring iterative decision-making with simulated consequences, the ESIR model can more effectively bridge the gap between abstract ethical principles and concrete professional conduct than conventional approaches. A mixed-methods, quasi-experimental design was employed over a 24-month period with a cohort of 312 participants from undergraduate accounting programs and public accounting firms. Quantitative measures assessed changes in ethical sensitivity, reasoning complexity (using a modified Defining Issues Test), and behavioral intent across three training modalities: ESIR, traditional case-based, and a control rule-review module. Qualitative data, gathered through post-intervention reflective journals and follow-up interviews, provided nuanced insights into the cognitive and affective processes engendered by the training. Results indicate that participants in the ESIR cohort demonstrated a statistically significant and sustained increase in ethical reasoning complexity and a greater propensity to identify nuanced ethical issues in complex, multi-stakeholder scenarios, compared to other groups. Notably, the ESIR group's reflective journals exhibited a marked shift from deontological, rule-centric reasoning toward more consequentialist and virtue-based frameworks, suggesting a diversification of ethical schemata. Furthermore, six-month follow-up data from early-career professionals suggested a correlation between ESIR training and self-reported confidence in navigating real-world ethical dilemmas, though causal claims are tempered by contextual variables. This research contributes originality by applying narrative cognition frameworks to accounting ethics pedagogy, proposing a measurable shift from teaching ethics as a static body of knowledge to cultivating it as a dynamic, situated practice. The findings challenge the sufficiency of code-centric training and advocate for pedagogical models that simulate the phenomenological complexity of ethical decision-making in accounting practice.

Keywords: accounting ethics, pedagogy, narrative cognition, professional conduct, ethical reasoning, training efficacy

1 Introduction

The imperative for robust ethics training within the accounting profession is unequivocal, underscored by a litany of corporate scandals and regulatory failures that have eroded public trust. Professional bodies and accrediting institutions have mandated ethics education, leading to its near-universal inclusion in accounting curricula and continuing professional development. However, a persistent and critical question remains regarding the pedagogical efficacy of such training in meaningfully influencing the professional conduct and decision-making of accountants. The dominant paradigms in accounting ethics education have historically been bifurcated between a rule-based approach, emphasizing memorization and application of professional codes like the AICPA Code of Professional Conduct, and a case-study approach, which presents bounded, often historical, ethical dilemmas for analysis. While these methods successfully impart declarative knowledge and analytical frameworks, a growing body of critique suggests they may be insufficient for preparing professionals to navigate the ambiguous, dynamic, and psychologically fraught ethical terrain of modern accounting practice. This insufficiency stems from a potential disconnect between the sanitized, retrospective analysis of cases and the phenomenology of real-time ethical decision-making, which involves affective responses, social pressures, cognitive biases, and uncertain consequences.

This research addresses this gap by proposing and empirically evaluating a novel pedagogical model: the Ethical Scenario Immersion and Reflection (ESIR) framework. Its originality lies in its theoretical foundation in cognitive narrative theory, which posits that humans understand and navigate complex social and moral realities primarily through narrative structures. Rather than presenting ethics as a set of external rules or discrete puzzles, the ESIR model immerses participants in extended, branching narrative scenarios that unfold over time, requiring iterative decisions where the consequences of earlier choices dynamically alter subsequent events and relationships. This approach seeks to simulate the experiential weight and complexity of ethical decision-making, engaging not only cognitive reasoning but also emotional and social cognition. The primary research question guiding this study is: Does a narrative-immersion based ethics training model (ESIR) produce significantly different and more sustained outcomes in ethical reasoning complexity, ethical sensitivity, and professed behavioral intent compared to traditional case-based and rule-based training methods? Secondary questions explore the qualitative nature of reasoning schemata employed by participants and the self-reported translation of training to early-career professional contexts. By integrating quantitative rigor with qualitative depth, this study aims to contribute a fresh, evidence-based perspective on how accounting ethics can be taught

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not merely as a subject, but cultivated as a professional practice.

2 Methodology

To investigate the research questions, a mixed-methods, quasi-experimental longitudinal design was implemented over a twenty-four-month period. The study involved a cohort of 312 participants, comprising 214 senior-level undergraduate accounting students from three universities and 98 early-career professionals (with less than three years of experience) from two regional public accounting firms. Participants were non-randomly assigned, but carefully matched, into three intervention groups corresponding to different training modalities: the experimental ESIR group (n=104), a traditional Case-Based Discussion (CBD) group (n=104), and an active control group receiving a Standard Rule-Review (SRR) module (n=104). Matching was based on pre-test ethical reasoning scores (using a pre-intervention Defining Issues Test), academic or professional stage, and gender to approximate equivalence at baseline.

The ESIR intervention was the novel element of the study. It consisted of a 12-hour training program delivered in four three-hour sessions. Each session centered on a single, complex narrative scenario set in a realistic accounting context (e.g., audit of a financially distressed client, internal reporting of tax avoidance schemes, succession planning in a family firm). Participants interacted with these scenarios through a text-based, interactive platform where their decisions at key junctures determined the narrative's path. Scenarios were designed with deliberate moral ambiguity, multiple stakeholders with conflicting interests, and time pressure elements. After each decision point and at the narrative's conclusion, structured guided reflection exercises, both individual and in small groups, compelled participants to articulate their reasoning, confront the simulated consequences of their choices, and consider alternative perspectives. The CBD intervention mirrored typical classroom ethics instruction, using the same core ethical issues but presented as Harvard-style cases for analysis and group discussion. The SRR intervention focused on a detailed review of relevant sections of professional codes, accompanied by multiple-choice quizzes on rule application.

Data collection occurred at four points: pre-intervention (T0), immediately post-intervention (T1), six months post-intervention (T2), and twelve months post-intervention (T3). Quantitative instruments included: a modified version of the Defining Issues Test (DIT-2) to measure the development of post-conventional (Principled) ethical reasoning (P-score); an Ethical Sensitivity Scale (ESS) developed for accounting contexts, presenting vignettes where participants identified ethical issues; and a Behavioral Intent Questionnaire (BIQ) assessing likely actions in hypothetical dilemmas. Qualitative data com-

prised: reflective journals completed by all participants after each training session (analyzed for the ESIR and CBD groups only); and semi-structured interviews with a stratified random sample of 45 participants (15 from each group) at T2 and T3. Quantitative data were analyzed using repeated-measures ANOVA and ANCOVA to compare group trajectories over time. Qualitative data were analyzed using thematic analysis to identify patterns in reasoning frameworks, emotional responses, and perceived relevance to practice.

3 Results

The quantitative results revealed distinct and statistically significant differential outcomes across the three training groups. Analysis of the DIT-2 P-scores showed a significant Group x Time interaction effect ($F(6, 927) = 4.82$, p ¡ .001). Post-hoc tests indicated that while all groups showed a modest immediate gain at T1, only the ESIR group maintained a significant increase at T2 and T3. The ESIR group's mean P-score rose from 38.2 (T0) to 46.7 (T1), stabilizing at 45.1 (T3). The CBD group showed a T0-T1 increase from 37.9 to 41.3, but declined to 39.5 by T3, not significantly different from their baseline. The SRR group showed no significant change across all time points. On the Ethical Sensitivity Scale (ESS), the ESIR group consistently identified a greater number of nuanced ethical issues (e.g., conflicts of interest, confidentiality breaches, subtle pressures on objectivity) in complex vignettes compared to the CBD and SRR groups at T1, T2, and T3 (p ¡ .01 at all post-tests). The Behavioral Intent Questionnaire (BIQ) yielded more equivocal results; while the ESIR group reported higher intent to engage in ethically proactive behaviors (e.g., consulting a mentor, documenting concerns) at T1, these differences attenuated by T3, though remained directionally higher than other groups.

The qualitative analysis of reflective journals provided profound insights into the cognitive mechanisms behind these quantitative trends. Journals from the CBD group predominantly featured a discursive, analytical tone, applying ethical frameworks (e.g., utilitarian, rights-based) to dissect the cases. In stark contrast, ESIR journals were characterized by personal engagement, emotional language (e.g., "I felt pressured when...", "I was worried about the impact on X"), and narrative reasoning. Participants frequently reconstructed the story of their decisions, linking cause and effect, and pondering "what if" scenarios. A salient thematic shift was observed in the ESIR group over time: early journal entries relied heavily on code-based justifications ("This violates Rule 102"), but later entries demonstrated a more integrated reasoning style, weighing principles, consequences for stakeholders, professional virtues (like integrity and skepticism), and personal values simultaneously. This indicated a diversification and inte-

gration of ethical schemata, moving beyond a single dominant framework.

The follow-up interviews with early-career professionals provided contextual depth. Several participants from the ESIR group spontaneously described instances in their work where they recalled the "feel" of the training narratives when encountering similar pressures, even if the specific facts differed. They reported a heightened awareness of the gradual, slippery slope nature of some ethical compromises. CBD-trained interviewees more often recalled specific rules or analytical steps, while SRR-trained individuals struggled to connect their training to specific practical experiences beyond direct rule violations. These self-reports, while not objective measures of behavior, suggest a difference in the cognitive accessibility and perceived relevance of the training in professional practice.

4 Conclusion

This study demonstrates that the pedagogical architecture of accounting ethics training significantly influences its cognitive and affective outcomes. The novel Ethical Scenario Immersion and Reflection (ESIR) model, grounded in narrative cognition, proved more effective than traditional methods in fostering sustained growth in ethical reasoning complexity and enhancing sensitivity to nuanced ethical issues. The key original contribution of this research is the empirical validation of a shift from teaching ethics as an external, analytical subject to cultivating it as an internalized, narrative-informed practice. The ESIR model's strength appears to lie in its ability to simulate the phenomenological context of decision-making—integrating cognitive analysis with emotional valence, social dynamics, and temporal consequences—thereby creating more robust and accessible ethical schemata.

The findings challenge the accounting profession and academia to critically re-evaluate the dominance of code-centric and retrospective case-study pedagogies. While knowledge of rules remains necessary, it is insufficient for nurturing the ethical professional judgment required in complex, real-world situations. The study advocates for the development and integration of immersive, experiential learning tools that better mirror the ambiguous and sequential nature of ethical challenges in accounting. A limitation of the study is its reliance on self-reported measures and behavioral intent rather than observed behavior, though the longitudinal design and mixed methods strengthen its validity. Furthermore, the resource-intensive nature of high-quality narrative simulation presents an implementation challenge. Future research should explore scalable technological delivery of ESIR-like experiences (e.g., via virtual reality) and conduct longitudinal studies tracking the correlation between such training and actual career conduct over decades. In conclusion, safeguarding the ethical core of the accounting profession

may depend less on perfecting the code and more on perfecting the practice of ethical decision-making through pedagogies of immersion and reflection.

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