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**CONVEYING CHRISTIAN ETHICS IN
ACCOUNTING AND FINANCIAL MANAGEMENT COURSES**

by

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INTRODUCTION

In today's materialistic world many students join business departments in colleges to equip themselves with the knowledge necessary to "make money" as fast as possible. There are certain concepts in courses like Accounting and Financial Management that teach 'short cuts' in this process. Some of the concepts such as "delay payment as far as possible, but hasten collections" in cash management may appear advantageous from a purely business perspective but are contrary to the principle of the Golden Rule: Do unto others as you would like for them to do unto you (Matt. 7:12).

The world we are living in is described as "a huckstering, show-bizzy world, jangling with hype, hullabaloo, and hooley, bull, baloney, and bamboozlement" (quoted in Smedes, 1983, 211). No wonder, then, anyone looking at events taking place everyday may have a tendency to expect not to hear the truth any more. Pascal, a famous mathematician, is said to have uttered a rather exaggerated statement that no one should expect to meet more than three or four honest people in a lifetime.

The question that is to be raised in this essay is: How does a Christian lecturer in a business department, teaching courses considered to be worldly, introduce Christian business ethics and maintain adherence to Christian ethics that will contribute to one's success? In other words, how does a Christian lecturer satisfy the learning needs of business students, Christians and non-Christians alike, in Christian colleges like ours, instilling in each student Christian business ideals?

This paper does not purport to be in a position to deal with all issues pertaining to Christian ethics. However, the author recognizes the fact that students have to face the reality of this world when they graduate and join the job markets. Therefore, this paper attempts to highlight a few main ethical issues in the form of practical cases that a business graduate will encounter and to provide some insight to prepare the students for the future. The Bible states that a house with a rock foundation does not fall in

the event of heavy rains, rising streams and heavy storm "because it had its foundation on the rock" (Matthew 7:24, NIV). Hence, teachers, while attempting the integration of faith and learning in Accounting and Financial Management classes, and in essence all classes, need to make sure that the foundation is strongly built and that this foundation is the knowledge of Christ the "Rock of our Salvation."

WHAT IS ETHICS?

According to Robertson (1990, 90), ethics is that branch of philosophy which is the systematic study of reflective choice, of standards of right and wrong by which it is to be guided, and of the goods toward which it may ultimately be guided. An ethical problem, on the other hand, is a situation that exists when one must make a choice among alternative actions, and the right choice is not absolutely clear. According to Webster's dictionary, ethics are "principles of conduct that govern an individual or a profession." Larson and Miller (1993, 5) state that ethics deals "with what is good and bad or right and wrong or with moral duty and obligation."

Barry states that "ethics is the reasoned search for principles of human conduct, including a critical study of the major theories about what things are good, what acts are right, and what actions are blameworthy." All of the selected definitions have as their common denominator the terms "right" and "wrong," "good," or "bad." But who determines what is right or wrong? We all learn behavior considered to be ethical from our parents, culture and tradition. However, these sources, though very important, are not faultless. Hence, our responsibility as Christian lecturers should be ". . . the nurture and training of youth in the truth of God and in that fear of the Lord which is the beginning of wisdom" (Gaebelein, 1968, 4).

Furthermore, all ethical issues dealing with right or wrong include moral decisions that look at the ways we treat other human beings. Smedes emphasizes the fact that morality is about doing things to people that result in their rights being respected and their needs being tended to. It is not about fitting into

society's traditional values. Morality is only about living in a way that respects people's rights and cares for people's needs (1991, 18). According to Barry, there are three elements of moral decision making. Firstly, there is intention, which tells us about a person's motives and the reason behind the actions. Secondly, there are the means. These refer to the way, the method, the procedure, or the actions taken to effect the intention. Lastly, there are the ends which are the results, effects, or consequences of our actions. Barry concludes: "The right action is the one that springs from a good intention, is executed by the best available means, and that produces good consequences" (1978, 355). Once again, it is important to remember that what feels good, what looks good, and what pays well may not be morally right. Often it is wrongly argued that the intention justifies the means.

WHY ETHICS?

It is evident that ethical issues touch our lives daily, perhaps without our realization. Barry lists several items that he considers to be moral issues: plagiarism in education; embezzlement in banking, figure-juggling in accounting; an instructor's chronic failure to meet classes, prepare material adequately and personally discharge responsibilities; and the hiring and maintaining of incompetent staff by administration. Usually justification given for such an act is pressure to pass courses, pressure to keep up with peers, the pressure to publish or perish, pressure to satisfy governmental regulations, or pressure to keep image, and the like (1978, 6).

Larson and Miller (1993, 6) point out the concern expressed by many people about deteriorating ethical standards in business and mention the findings of a recently-conducted opinion survey on business ethics that included 1,100 business executives, deans of business schools, and members of Congress. In this survey, 94 percent expressed the fact that the business community is troubled by ethical problems. There are instances where some large brokerage firms lost their independence through a forced merger after they were convicted of cheating their banks out of millions of dollars in a check kiting scheme. As indicated by Weston and

Brigham (1993, 17), in recent years the employees of several prominent Wall Street investment banking houses have been sentenced to prison for illegally using insider information on proposed mergers for their own personal gain. One man, who earned \$550 million in just one year, was sentenced to 10 years in prison and was in addition charged a huge fine for securities-law violations. Stressing the confusion and perplexity about morality in the present society, Mitchell states that "when customary foundations of morality are sufficiently shaken, there is no alternative but to examine them carefully and then replace or restore them" (1985, 2).

BIBLE AND ETHICS

When it is not based on a biblical approach, ethics implies that we behave in an ethically correct manner when we do what custom dictates which leads us into discovering the way things are usually done. After this discovery, we may conclude that these are the things we ought to do. Biblical ethics, on the other hand, are God-centered. Instead of following majority opinion or conforming to customary behavior, the Scriptures encourage us to start with God and his requirements, not man and his habits. As far as the Bible is concerned, "what is good and acceptable and perfect is expressed by God's will. God alone is good" (Mark 10:18).

The foundation of Christian ethics is following Christ (John 13:34; 15:12; 13:15). Manson mentions three characteristics of the ethics of Jesus. Firstly, ethics of Jesus is not merely an ideal; it is act and deed. It is the way Jesus carries His life-work. Secondly, ethics of Jesus goes beyond the highest requirements of the existing Hebrew-Jewish code by requiring a more complete love of neighbor than is involved in loving him as much as, or in the same way as I love myself. Finally, in doing this the ethics of Jesus does not abrogate the old standards, for love is still the essential element in the teaching of Jesus as it is in Leviticus and Deuteronomy. It does not abrogate; it fulfills. Jesus shows what is really involved in loving one's neighbor and shows it in thought, word, and deed (1960, 63).

INTEGRITY TESTED?

In a superior-subordinate or employer-employee situation, it is expected that the one who has authority would demand compliance from the persons who are responsible to him or her. There are times when an employee's integrity is tested: either to fulfil the superior's demands and remain employed or lose the job in the interest of remaining honest to oneself.

Let us look at the following situation. Mary, while taking classes toward her undergraduate degree in accounting, accepts a part-time job at a busy restaurant in a downtown mall. As a new employee, she is trained by the restaurant's assistant manager. Included in the training are instructions about how to operate the cash register. The assistant manager explains that the formal policy is to ring up each sale when an order is placed and the cash is received, but, because of the pressure of the noon-hour rush, it is sometimes easier to accept the cash and make change without ringing up the sales.

The assistant manager explains that it is very important to serve the customers promptly so they won't go to another restaurant in the mall. Then, after two o'clock, the assistant manager will add up the cash in the drawer and ring up sufficient sales to equal the amount collected. In this way, the tape in the register will always come out right and there will be no problems to explain when the manager arrives at four o'clock to handle the dinner traffic. This student sees the advantage in this short cut, but should she continue doing it despite the fact that this is against the policy of the organization? Remember: this student is following what the assistant manager told her to do; she has not made any attempt to cheat the restaurant. Is the problem with the student or with the assistant manager? What will happen if the manager comes in early and observes her taking this shortcut? Will it be ethical for this student to disobey the assistant manager, and, as a result, maybe get fired?

Another case in which employees' integrity is likely to be tested is the following: ABC Company has struggled financially for more than two years. The economic situation surrounding the

company has been depressed and there are no signs of improvement for at least two more years. As a result, depreciation is a large factor in the calculation of income. Because competition in the company's industry normally has required frequent replacement of equipment, the equipment has been depreciated over only three years. However, the company's president has recently instructed the company's accountant to revise the estimated useful lives of existing equipment to six years and to use a six-year life on new equipment. The accountant suspects that the president's instruction is motivated by a desire to improve the reported income of the company. In trying to determine whether to follow the president's instructions, the accountant is torn between her loyalty to the employer and her responsibility to the public, the stockholders, and others who use the company's financial statements. The accountant also wonders what the independent CPA, who audits the financial statements, will think about the change. The employee is expected to be loyal to her employer. However, one has to understand that an employee is ultimately responsible to the Creator; hence, the choice is whether to obey man or God in cases where employers do not attach much importance to Christian values.

It is true that many of the issues we face in school, in the work place, and beyond have ethical dimensions. Mary and the accountant are faced with situations which require them to make choices, that is, to make decisions whether to remain working under the supervision of such managers who are clearly teaching them to go against the rules of the restaurant management and the professional code of the accountant or to leave their jobs. They can be tempted to remain on the job, possibly justifying that the problem is with the managers, not with them as employees (subordinates). What is it that they may have learned while in college that can help them to make the "right" decision? Titus and Keeton state that "each person capable of making moral decisions is responsible for making his own decisions. The ultimate locus of moral responsibility is in the individual" (quoted in Larson and Miller, 1993, 5). Hence, the job of a lecturer/teacher is to point the student to Jesus, the Source of all knowledge. No one can prescribe a list of what is right and wrong and give it to any

student upon graduation. The Bible should be used as a guide all the time. Birck and Rasmussen point out that "the Bible was above all the pointer to the supreme drama in the Christian moral life, that of God's past and continuing action in Christ" (1976, 27).

Realizing the possible tension that exists between employees and employers and pointing to a possible solution, Forell states:

Only upon the firm foundation of a sound analysis of human situation can a meaningful life be built. The Word of God gives us this sound analysis, showing us what man can do and what he cannot do. It shows man's utter dependence upon the God who created him, preserves, and wants to save him (1975, 155).

It is very important, therefore, to approach other Christian friends and seek advice in matters that may look proper but unethical. The Word of God has answers for many of the world's perplexing questions. If we search the Scriptures with a desire to learn and understand, the Lord will provide the answers.

LYING IN BUSINESS: DREAM OR REALITY?

If we carefully examine most of the advertisements in business intended to "catch" attention, look at banks that lend money, observe dealers selling used cars, and many other areas of business, we cannot help but think of moments we have felt cheated because of someone's lie. Let us look at the following situation. John is hired as an accountant for a medium-sized company that purchases most of its supplies on credit. John's duties include managing cash and accounts payable. He overlaps for several days on the job with Mark, the outgoing accountant, so that they can spend time together to help John learn the ropes. One of John's responsibilities is to ensure that the accounts are paid promptly to maintain the company's credit standing with its suppliers and to take advantage of all cash discounts. Mark tells John that the system in place has accomplished both goals easily and has also made another contribution to the company's profits. Mark explains that when credit purchases are made on terms that include a discount for early payment, the system has been to prepare checks

for the "net-of-discount" amounts. Then, the checks are not mailed until after the end of the discount period. The checks are dated the last day of the discount period but are not mailed until four or five days later. Because the accounts are always paid, the company has had little difficulty with its creditors. "It is simple," Mark says. "We get the free use of the cash for an extra five days, and who's going to complain? Even if someone gripes, we can always blame the computer or the mail room." Only a few days later, Mark departs leaving John on the new job. John recognizes that the discount period on a \$10,000 payable is about to lapse. Should John send the check on the day the discount period ends, or wait for four or five days as indicated by Mark?

Engaging in something unethical sometimes appears to be profitable, especially when the truth is hidden. John, in the above situation, may justify sending the check late by stating that it is after all for the benefit of his company. However, it is imperative to look at the "loss" incurred by the supplier. Had they received the checks on time, they could have invested the money somewhere and earned some benefit. Selfishness can blind our eyes so that we cannot see the Golden Rule principle: Do unto others as you want them to do unto you. One person should not earn at the expense of another's loss. When we desire to make profit by withholding payment that rightfully belongs to others, we are actually lying to ourselves, because we know the other parties do not see what we are actually doing. Writing the proper date on a check but sending it later and blaming the computer or the postal service is a lie.

Lying, as described by Smedes, is "a poisoner of human communication, a destroyer of trust, and a dehumanizer of our neighbors. Lying breaks the tissue of faith that holds every human community together. Lies diminish everyone we deceive because by lying we treat persons as if they had no right to share in the mutual trust without which we cannot be human together" (1983, 211). Human beings are selfish, and this selfishness plays a big role in decisions they make every day in many business transactions. In the case of John, that the cause of the lie is selfishness cannot be overruled. As Forell points out, not all our

decisions are similarly complex. However, there is not one decision in which our selfishness and conceit are not involved in whatever we do, though the decision maker may look so Christian to the observer from the outside (1975, 152).

White gives us a clear picture of what it means to do business at the expense of someone else and states that "he who would take advantage of another's misfortunes in order to benefit himself, or who seeks to profit himself through another's weakness or incompetence, is a transgressor both of the principles and of the precepts of the word of God" (Healing, 187). Barry emphasizes the same point a little differently and states that any action performed only out of fear, for social approval, or even for beneficial consequences, cannot be considered in the highest sense moral (1978, 353).

BRIBERY IN BUSINESS: DOES IT MATTER?

Weston and Brigham, in an attempt to describe ethical behavior in business, point out areas of importance. A firm's commitment to business ethics can be measured by the tendency of the firm and its employees to adhere to laws and regulations relating to such factors as product safety and quality, fair employment practices, fair marketing and selling practices, the use of confidential information for personal gain, community involvement, bribery, and illegal payments to foreign governments to obtain business (1993, 17). Surely, a committed Christian employee, or one who has learned Christian values, must make a concerted effort to change these evil practices. He should not follow the "normal practice" simply because someone else has done it in that way.

All of the factors that are used to measure ethical behavior as given by Weston and Brigham are important; however, the evils of bribery require more attention. Here is a situation that involves a certified public accountant (CPA). A CPA has a client whose business has grown significantly over the past couple of years and has reached the point where its accounting system has become inadequate for handling both the volume of transactions and management's needs for financial information. The client asks the

CPA for advice on which software system would work best for the company. The CPA has been offered a 10% commission by a software company for each purchase of its system by one of the CPA's clients. The price of one of these systems falls within the range specified by the client. The questions that need to be raised are: Would the CPA's evaluation of the alternative systems be affected by this commission arrangement? Should the CPA be compelled to tell the client about the commission arrangement before making a recommendation?

The actions of the Certified Public Accountant, if he chooses not to tell the client about the commission, amount to nothing less than bribery. One must ask the question: Would the CPA have recommended this software in the absence of this "commission"? Bribery, also known by other names such as 'kickback,' 'extra commission,' and the like, is evil. Many individuals give different names for bribery in the hope of diluting its serious effects. E G White admonishes:

No act of wickedness will the law of God excuse; no unrighteousness can escape its condemnation. The ethics of the gospel knowledge are no standard but the perfection of the divine character. The life of Christ was a perfect fulfillment of every precept of law (Healing, 451).

Of Daniel and Joseph, Ellen G. White states that they by their wisdom and justice, by purity and benevolence of their daily life, by their devotion to the interests of people proved themselves true to the principles of their early training, true to Him whose representatives they were (Education, 57). The youth need to learn the same principles today; we need to emulate men like Joseph and Daniel so that society will have good to say of our youth. Ellen G. White adds:

The greatest want of the world is the want of men -- men who will not be bought or sold, men who in their inmost souls are true and honest, men whose conscience is as true to duty as the needle to the pole, men who will stand for the right though the heavens fall (Education, 57).

FRUITS OF ETHICAL BEHAVIOR

It is common sense that a person can deceive everyone else, but one cannot deceive oneself. When one commits an evil act known only to oneself, there are two effects that are contrary to one's self-interest. Firstly, the respect he enjoys is now more than he deserves, and he knows this; it is based on deceit, even if it is about a single action, so he has lost something of value to himself -- his self-respect. Secondly, no act can be isolated from the actor. By doing one act, he has shown that he is capable of doing bad acts, and he knows this (Mayo, 164). Hence, the bottom line is that being ethical contributes to one's self-respect. Many who engage in unethical business dealings may think such behavior pays big dividends, but it must be understood that such benefit is usually temporary. Does it pay to maintain high ethical standards in all business dealings? Mayo points out that "it does pay to be moral, and a true concept of morality is the key to where one's self-interest lies" (1986, 164). Weston and Brigham point out, as an example, a bank that suggested that ethical behavior increased its profitability because such behavior avoids fines and legal expenses, builds public trust, attracts business from customers who appreciate and support its policies, attracts and keeps employees of the highest caliber, and supports the economic viability of the communities in which it operates (1993, 17).

The Bible clearly establishes the fact that it is more blessed to give than to receive. It should not be understood, however, that everyone who gives receives blessings. It is important to recognize the importance of faith in this process. If everyone practices this principle, blessings that come as a result are abundant. The giving spirit implies no cheating in business, but caring for others. We seriously need to approach all ethical decisions using Paul's message to the Romans: "None of us lives to himself, and none of us dies to himself. If we live, we live to the Lord, and if we die, we die to the Lord; so then whether we live or whether we die, we are the Lord's" (Romans 14:7,8).

CONCLUSION

The author believes that there are no hard and fast rules to be followed in the process of conveying Christian ethics in any class. Lecturers must use case studies as far as possible to point out to students the realities of life. Right from the beginning while they are still in college, students must prepare themselves to face the world. They must understand that "whoever is faithful in small matters will be faithful in large ones; whoever is dishonest in small matters will be dishonest in large ones ... " (Luke 16: 10 RSV), realizing that honesty and ethical behavior must begin with "little things" done in class. Most countries are facing economic hardships in one way or another, a situation that may appear to justify unethical behavior such as cheating.

The accounting profession has certain standards of ethical conduct that should govern every accountant's behavior. It is important that accountants recognize the obligation they have to the organizations they serve, their profession, the public, and themselves to maintain the highest standards of ethical conduct. These standards are supposed to be taught in all colleges, Christian and Non-Christian alike. The Institute of Certified Management Accountants and the National Association of Accountants have adopted the following standards of ethical conduct for management accountants:

Management accountants have a responsibility to:

Maintain an appropriate level of professional competence by ongoing development of their knowledge and skills.
Perform their professional duties in accordance with relevant laws, regulations, and technical standards.
Prepare complete and clear reports and recommendations after appropriate analyses of relevant and reliable information.

Refrain from disclosing confidential information acquired in the course of their work except when authorized, unless legally obligated to do so.

Inform subordinates as appropriate regarding the confidentiality of information acquired in the course of their work and monitor their activities to assure the maintenance of that confidentiality.

Refrain from using or appearing to use confidential information acquired in the course of their work for unethical or illegal advantage either personally or through third parties.

Avoid actual or apparent conflicts of interest and advise all appropriate parties of any potential conflict. Refrain from engaging in any activity that would prejudice their ability to carry out their duties ethically. Refuse any gift, favor, or hospitality that would influence or would appear to influence their actions. Refrain from either actively or passively subverting the attainment of the organization's legitimate and ethical objectives. Recognize and communicate professional limitations or other constraints that would preclude responsible judgment or successful performance of one's activity. Communicate unfavorable as well as favorable information and professional judgments or opinions. Refrain from engaging in or supporting any activity that would discredit the profession. Communicate information fairly and objectively. Disclose fully all relevant information that could reasonably be expected to influence an intended user's understanding of the reports, comments, and recommendations presented (Horngren & Sundem, 1990, 19).

If fully understood and practiced, these standards, would go a long way to mold and refine one's behavior. Teachers must emphasize the importance of such standards of ethical behavior so that students can prepare themselves to stand for the truth no matter what the situation they find themselves in may be.

It is very important to point out that standing for the truth and behaving ethically may lead to a situation whereby one goes hungry, loses jobs, and suffers other consequences. However, in the long run, it will certainly be rewarding. Many followers of God suffered and died simply because they did not want to lie or do that which would please the worldly leaders. Selfish motives should not guide when one is on the crossroad of determining which is right or wrong. "If you wander off the road to the right or the left, you will hear his voice behind you saying, 'Here is the road. Follow it'" (Isaiah 30:21 RSV). It is a matter of listening to that "Small Voice." White describes God's desire to show us the right way:

God never asks us to believe without giving sufficient evidence upon which to base our faith. His existence, His character, the truthfulness of His word, are all established by testimony that appeals to our reason; and this testimony is abundant. Yet God has never removed the possibility of doubt. Our faith must rest upon evidence, not demonstration. Those who wish to doubt will

have opportunity; while those who really desire to know the truth will find plenty of evidence on which to rest their faith (Steps to Christ, p. 105).

The author believes that the best way to convey Christian ethics in the teaching of the Accounting and Financial Management courses is for the teacher himself to show ethical behavior in all that he says and does. He should not be afraid to call sin "in its right name." All students, whether they espouse Christian values or not, need to understand the value of caring for others. If we allow the Lord to work within us, what we say and do will be guided by the Holy Spirit. Let us end with Paul's final words to the Philippians:

Finally, brothers, whatever is true, whatever is noble, whatever is right, whatever is pure, whatever is lovely, whatever is admirable -- if anything is excellent or praiseworthy -- think about such things. Whatever you have learned or received or heard from me, or seen in me -- put it into practice. And the God of peace will be with you. (Philippians 4: 8, 9, NIV)

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