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## Ethics, Moral Philosophy and Accounting and Finance Research

*Audrey Paterson, David Leung  
and William Jackson*

*Oh, what a tangled web we weave,  
When first we practice to deceive.*

(Sir Walter Scott, 1808)

So far within this text book, we have discussed the nature of research, how to find a suitable research topic, the literature review, research traditions in accounting and finance, and a variety of ways in which to collect and analyse data. However, an aspect of the research process that we have not addressed so far concerns ethics and codes of conduct. As outlined in earlier chapters, researchers have a wide variety of ways in which to collect data for their study, each of which raises questions with respect to ethical and moral principles. In Chapter 1, we determined that research is essentially about the production of knowledge but in the pursuit of generating this knowledge we must also take into consideration that the research community has a responsibility, not just to pursue knowledge or objective truth but also to the subject of their enquiry and its participants.

Given that the results of research are inevitably made public or published, there is almost always a risk or potential threat to the research subjects or public rhetoric as the research findings may produce accounts of social situations, which may conflict with the interests or beliefs of some individuals or social groups. The researcher must therefore be accountable for their actions, and the possible effects of such actions, on

their research subjects. Keeping this in mind, it is therefore important when conducting any research project to review the ethical position regarding your study and to be aware of and adhere to ethical and professional codes of conduct.

The field of accounting and financial ethics has grown considerably in recent years in both the educational and professional context and has taken on an interdisciplinary aspect. This can be attributed to philosophers and scholars within accounting and finance successfully connecting ethical theory to real world problems. Within this chapter, we introduce you to the notion of ethics and moral philosophy and its importance to everyday life. We begin by first considering what ethics is and why it's important. This is then followed with examples that demonstrate questionable ethical and moral behaviour from both research and professional practice. We deliberately draw in both as the outputs of research also inform the corporate world, the activities of which affect society as a whole. Following this we introduce a selection of key moral philosophies and their application to academic and professional practice within accounting and finance. The chapter includes examples of important issues that require careful reflections and consideration when determining approaches to data gathering and ensuring professional integrity. Finally, some practical advice and the fundamental principles of good research conduct and codes of ethics are put forward.

## What is ethics and why is it important?

The notion of ethics concerns our moral conduct, our duties and responsibilities towards other people, society, animals, plants and the environment; and whether we are good or bad, or right or wrong. This of course is a subjective, fuzzy and at times murky area. After all, what is good or bad? And who decides? Unfortunately, there isn't a natural or universal scale for the weighing of good or bad, or some authority which we can refer to that can definitively determine an action as morally good or bad.

Cavan (1982) defines ethics "as a matter of principled sensitivity to the rights of others. Being ethical limits the choices we can make in the pursuit of truth. Ethics say that while truth is good, respect of human dignity is better, even if, in the extreme case, the respect of human dignity leaves one ignorant of human nature" (Cavan, in Bulmer 1982, p810). While in society we learn ethical and moral behaviour through childhood, civil society, religion and other social settings, the teaching of ethics and moral philosophy fell out of favour for a significant period of time. During the nineteenth century, ethics and moral philosophy featured prominently in the university curriculum and was viewed as essential to the development of the student's character. By the twentieth century, however, the teaching of ethics and moral philosophy in

many universities had lost its appeal. This arose mainly due to organisational changes within academic institutions and the development of Faculties that covered a much broader range of academic disciplines and vocational subjects. The main focus was turned to educationally based programmes that provided vocational credentials in which little room remained for ethics and moral philosophy. While this remained the case well into the twentieth century there has been a gradual shift towards reintroducing ethics and moral philosophy into educational programmes such as accounting and finance in recent years, triggered mainly by the numerous scandals that have come out of the corporate world, and the financial services industry.

## Ethics, research and the corporate world

Indeed, we do not need to stray too far in the corporate world and the financial services industry to come across examples that demonstrate a complete lack of moral or ethical consideration for society, the environment or human life. The activities of business and the financial services industry and their decision making processes are heavily driven by the profit maximisation criteria which can often lead to highly questionable decisions being made. The case of the Ford Pinto is one such example. Ford's engineers discovered before the assembly of the vehicles had started that the fuel tanks of the Ford Pinto would explode if caught up in a rear end collision. Ford determined after researching the cost benefit of replacing faulty fuel tanks, that it would be more cost effective to pay the damages for any deaths caused by the exploding fuel tanks than to delay assembly and reconfigure the design of vehicles. More than twenty-four people were killed due to exploding fuel tanks before the company issued a recall notice to fix the problem (Bazerman and Tenbrusel, 2011).

The tobacco industry provides another interesting ethical case. Tobacco companies in general claim not to target youths and children in their marketing campaigns. The Altria Group, which is the world's largest and most profitable tobacco company, and includes brands such as Marlboro, has very active marketing campaigns for its products in developing countries. Criticisms of the Marlboro brand relate to their hiring of young girls known as 'Marlboro Girls' to distribute free cigarettes to youths at sponsored concerts and events (Winter, 2001). A recent study conducted by ACT in 2014 found 22% of five and six-year-old children in low to middle income countries could identify the Marlboro brand. Additionally, research on the international reach of tobacco marketing campaigns suggests that children as young as thirteen are targeted (Borzekowski and Cohen (2013). Furthermore, despite the tobacco industry's