Organizational Ethics in Accounting:
A Comparison of Utilitarianism and Christian Deontological Principles

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Abstract

Within the field of accounting, there never seems to be a lack of conflict between an individual's morals and the ethical responsibilities an employee has to the company. This paper will demonstrate many of these ethical conflicts within the field of accounting. It will also demonstrate how strong leadership and leaders who adhere to strong values and ethical systems will positively affect the relationship between employees' ethical values and the application of their moral values to the company. A specific ethical dilemma that arises within accounting tends to be the utilitarian conflict. Since the greater good is accomplished in this system, personal responsibility and ethics lose importance. The role of utilitarianism and its consideration as the dominating moral philosophy in accounting practices, along with how Christians in the accounting field respond to ethical dilemmas, will also be discussed.

Organizational Ethics: A Comparison between Utilitarianism and Christian Deontological Principles

Introduction

Ethics is the system or set of moral principles that influence an individual to make choices based on his or her various motives and the resultant ends of those choices (Caldwell, Hayes & Long, 2010; Verhezen, 2010; Salterio & Webb, 2006). Ethical issues are thoroughly integrated throughout the business world. More specifically within the field of accounting, the development of an ethics program in a business is crucial to its long-term success (Messikomer & Cirka, 2010). Much of the conflict within a company comes from the struggle between management and employees (Caldwell, et al., 2010). Employees tend to look to those in charge to set the example for upholding a high ethical standard for the company, while management must abide by the same set of ethical standards in order to guide the tone for the rest of the company effectively. The more leaders are perceived by their employees as trustworthy and honest, the more likely the employees will see the commitment of these leaders in upholding ethical virtues and standards within the company (Caldwell, et al.).

At the forefront of the business world is utilitarianism, the ethical system believed by many individuals to provide the greatest benefits to an organization, its values, and its shareholders (Audi, 2007). However, this moral system fails to take into account many of the principles upon which accounting and ethics are founded. Ethics is founded upon principles, which Smith and Dubbink (2011) view as "incomplete statements of generalized moral commitment and therefore provide little practical guidance when agents are confronted with complicated problems in new (possibly unforeseen) circumstances" (p. 207). Due to the fact that principles are subjective and not enough to form the basis of one's moral and ethical values, it should not be surprising that utilitarianism does not suffice as a solid system for the business world. Moreover, it is the idea of utility that conflicts with not only the fundamentals found in accounting but also the foundations of the Christian faith. While the need for accountants with strong moral values continues to rise, the importance for individuals to recognize and apply personal ethics in the workplace also continues to grow. It is also important for accountants to be able to understand the lack of consistency within utilitarianism in comparison to the unchanging and absolute nature of ethical systems that are compatible with the Christian worldview.

Ethics

Although there may be different definitions of ethics, the formal definition from Merriam-Webster is "the discipline dealing with what is good and bad and with moral duty and obligation" (2012). This definition addresses a "moral duty and obligation," which can be both on an individual level and a corporate level. The concern for corporate ethics is especially prevalent in today's society, as the business world has been enveloped by major accounting scandals surrounding Enron, Tyco, and WorldCom. Due to the disastrous results of these once prominent businesses, the government, federal accounting organizations and other decision-making bodies have been seeking to find out how these crises could have been prevented, and also how to prevent situations like them from occurring in the future. These entities continue to search for processes that will help improve corporate conduct and similarly "foster higher levels of ethical behavior in general" (Brenkert, 2010, p. 704).

Individual Ethics Systems

Although many instances of ethical failure are more prominent in large organizations, the ideas and positions surrounding ethical behavior originate at an individual level. Personal ethics and an individual's moral values, although influenced by external factors (i.e. peer pressure, home, living situation), tend to be an internally developed set of values. This is in contrast to the idea that individuals may develop ethical values best when it is through a learned decision-making process. However, this idea alone does not fully diminish the responsibility of external agents like parents, teachers, and the educational system in providing an environment that adequately prepares individuals who will be entering the workplace. This is especially true for those entering an ethically turbulent arena like the business field.

A key component relative to the establishment of an individual's ethical system involves his or her attitude of integrity. It is highly unlikely that an individual will demonstrate loyalty and professionalism in a corporate environment when his or her own ethical values are not firmly established or when the risk of losing one's job has such a large impact in today's society. Once individuals are better able to identify the principles that are important to them, they are more likely to support an organization with similar values (Verhezen, 2010). This attitude of integrity is not only beneficial, but is an essential element that is required for the establishment of trust.

Trust is the foundation of strong interpersonal relationships and is not complete without essential qualities like integrity, benevolence, and ability (Mayer, Davis, & Schoorman, 1995). According to Mayer et al. (1995), the more these three characteristics are present within an individual, the stronger the foundation and basis for trust by others.

The definitions provided for integrity, benevolence, and ability encapsulate the goals of large organizations as much as it does for individuals on a personal level. Peter Verhezen (2010) notes, "A person, who proves capable of self-reflection and can articulate that self-reflection, will be much better qualified to recognize and deal with situations that have an added complexity of a different ethnic culture" (p. 193). Moreover, the primary goal of both individuals and organizations, through the establishment of trust, should seek to use the abilities of employees to benefit the good of others while maintaining an honest attitude.

Corporate Ethics

In the corporate world, the impact of trustworthiness is very evident in the leader-follower relationship. Steven Covey's (2004) research has demonstrated the need for trust as an essential building block that will contribute to the overall long-term success of an organization. Similarly, a lack in organizational values, along with deteriorating value-based relationships, has caused the development of trust in the corporate environment to diminish rapidly (Paine, 2002). Caldwell and Clapham (2003) note how "interpersonal trustworthiness is an individual assessment of the likelihood that another party can be trusted to honor duties inherent within a perceived social contract existing between the parties" (p. 352). Similar to the way an individual earns his or her position and respect in a company, a leader will truly earn the respect of others through his or her ability to be trusted and his or her reliability in elementary tasks (Wood & Winston, 2005).

The importance of individual ethics permeates throughout corporate ethics as commitment to one's personal values and also those [values] of the company. The attitude of the employees will be reflected through the behaviors and actions taken by the company on behalf of the stakeholders, in contrast to self-seeking actions (Pava, 2003; Hosmer, 2007). Some of these actions may include the amount of the dividend offered for a specific reporting period, the integrity with which the financial statements are presented, and maintaining the ethical code of conduct (which influences the interaction between employee and customer) within the firm. The differentiating factor that moves an individual from simply being an individual to a leader, is the responsibility he or she has to act as an ethical steward of others' (i.e. the stakeholders') assets on the corporate level (Caldwell & Karri, 2005). The corporation takes on the role of a steward when it "seek[s] creative solutions by relying on an inspired insight and vision that demonstrate both an uncommon commitment to excellence and an inspired set of outcomes" (Pava, 2003, p. 502). However, it could be argued that this role is similar to that of an individual and his or her relationship to the business commitment. The distinguishing statement made by Caldwell and Karri involves the transforming nature of individuals to become "ethical stewards" when placed in the position of leadership, which would be the case in the corporate world. The primary difference between an ordinary employee and one who has accepted the leadership role of "ethical steward" here is that ethical stewards govern with a systemically holistic approach inspired by a servant-leader understanding of the interpersonal and organization covenant implicit in leadership" (Caldwell & Karri, 2005, p. 502). Once leaders recognize and accept the ethical standards that govern them, they will better be able to apply the service aspect of the company, which is to serve the needs of their stakeholders and customers.

Establishing a code of ethics. Within any corporation, it is important that a code of ethics is established. A code of ethics may generally be defined as "a public statement of an ethical position, a guide for behavior or principles that guide conduct of a profession or an organization" (Messikomer & Cirka, 2010, p. 61). This code of ethics is simply one aspect of an organization that can seek to help prevent unethical behavior. However, no matter how "perfect" an established code of ethics may be, it is most effective once it is accepted at all levels of the organization and embedded into the everyday practices of the employees (Messikomer & Cirka, 2010). The formal code of ethics should be used in confronting ethical dilemmas that may arise within the organization.

The requirement for a code of ethical conduct began in response to various bribery scandals throughout the 1970s (Messikomer & Cirka, 2010). Although these codes of ethical conduct are not uniform across all organizations, the FASB does provide topics that it believes organizations should address in their codes of ethical conduct. The scandals of the 1970s eventually led to the passage of the Foreign Corrupt Practices Act in 1977 and further legislation in the 1991 Federal Sentencing Guidelines (Ethics Resource Center, 2009). More recently, one of the primary reasons in favor of the establishment of a formal code of ethics was in response to the scandals and ultimate downfall of Enron, Tyco, WorldCom, and other large organizations. In response to these organizational catastrophes, Congress enacted SOX in 2002, which ultimately led to the organization of the Public Company Accounting Oversight Board (PCAOB). Stevens (2008) comments how codes of ethical conduct and responses/actions to counteract the lack of ethical behavior in large organizations tends to be a cyclical response over time. According to Stevens, "History shows that the development of codes of ethics in corporate America is cyclical and reactive, generally responding to gross misconduct, with early codes skewed toward an emphasis on legalistic content with the objective of constraining employee behavior" (2008, p. 57). This being said, the development of an organization's code of ethics is not likely to contain the same definition as other organizations and does not necessarily have to include the same organizational goals (Frankel, 1989).

One key component of a successful code of ethics from various sources indicates input from employees at lower levels (Joseph, 2000). This is crucial to the success of an organization, since all employees need to feel comfortable with taking proper action if there is a violation. This also improves the levels of communication between lower and higher levels of management. Newton (1994) also suggests that the whole organization be involved with the development of a code because "…the real value of the code does not lie in the finished product…but in the process by which it all came to be" (p. 59).

The purpose of an ethics program of an organization is essentially to equip employees with the knowledge and resources with which to address ethical issues and situations that may arise while they are on the job (Joseph, 2000; Schwartz, 2000). This is what Messikomer and Cirka (2010) call the "living" code of ethics, which is when the employees take an organization's culture and seek to internalize it as their own. Overall, the most effective ethics programs are those that encourage participation from all levels of the organization, allowing different views and opinions to improve decision-making, and making the primary focus of the organization the process and the end result (Messikomer & Cirka, 2010).

Importance of upper-level management in maintaining ethical values. As mentioned previously, an organization will be successful in the long-term when its upper-level management sets the tone and example for lower-level employees. Sinclair (1993) notes that in order to be successful in the long term, managers need to be proactive and involved in their organizations, as well as be visionary leaders throughout any developmental processes. One of the key components of any successful organization is open communication between employees and managers. Since the employees have first-hand knowledge of the ethical issues and concerns that they are experiencing, it is essential for them to feel comfortable in bringing these concerns to the attention of those in positions of influence. Ideally, the established code of ethical conduct will identify the core values of the organization and, in turn, provide efficient solutions and guides for its employees when these values come into conflict (Kaptein, 2008; Newton, 1994).

Although communication is a key factor in upholding a strong ethical system within an organization, it is equally if not more important for an organization to be led by ethical managers (Messikomer & Cirka, 2010). If the upper-level managers do not believe in the goals and vision of the organization, then the rest of the employees are not likely to follow suit. Consequently, the managers and members of upper-level management must set the ethical tone of an organization, from the top of the organization, down to the rest of the levels of the organization. Peter Verhezen (2010) also believes that "[o]nly top management can start this process of alignment [employees with the ideals and values of the organization] through the appropriate governance structures and through processes and procedures within the organization" (p. 187). Other research has shown that employees will act ethically and are more willing to comply with set ethical codes if management is perceived to be legitimate and the policies and values of the organization are in alignment (for the most part) with the employees' personal moral values (Treviño, Weaver, Gibson, & Toffler, 1999).

Effective managers have a strong sense of integrity; they conduct their lives with meaning and intention (Verhezen, 2010). Managers with integrity are willing to live by their principles and values, and they care about the organization as a whole (Calhoun, 1995). When managers adopt this lifestyle and mentality, the lives of others in the organization are more likely to be impacted in a positive manner. When an organization's leaders fully internalize the ethical code and character of the company, it is more likely that the rest of the organization will be willing to accept these same principles. The primary purpose of rules and regulations is to develop a visible form of accountability for those who work within an organization. Verhezen (2010) recognizes that "[i]n organizations where ethical values are engrained and where procedures are perceived as fair, employees will almost automatically be motivated to comply with rules and regulations" (p. 194). Bird and Walters (1989) echo this sentiment in their research, which demonstrates how shared values provide a common ground for recognizing and resolving problems. This in turn, helps provide suitable guidelines for future actions and decisions in the organization.

Relationship to Accounting

While ethical behavior is essential to the proper functioning of a business, it is also fundamental to the many changes in current accounting practice. Ethical behavior does not come solely through an ethical code or legal mandates but primarily through an individual's internalized values and principles (Verhezen, 2010). According to a study researching a group of CPAs, the acceptability of various types of behavior seems to vary among accountants. Despite the fact that this study only included descriptions of illegal actions, the accountants seemed to place some of these actions as more, or less, acceptable than others (Conroy, Emerson, & Pons, 2010). This study is reinforced by the "Agency Theory," which explains that individuals have a tendency to be honest to some degree, but for the most part, the majority of individuals would choose to be dishonest for a small financial payoff (Baiman & Lewis, 1989).

The Agency Theory is one of the dominant paradigms in current management accounting research (Salterio & Webb, 2006). This theory has some basic assumptions that include, "people act[ing] in their own self-interest, are work-averse, and, hence, need to be controlled, monitored, and rewarded for doing what the "boss" wants them to do (Christensen & Feltham, 2005, p. 919). The central idea surrounding the Agency Theory is based upon honesty, and ultimately the denial of any type of moral or social responsibility (French, 1995).

The recent scandals in the business world, and specifically in accounting, may be attributed to the lack of both personal and corporate ethics systems. The implications of personal responsibility are clearly evident, which can be seen by both the names of the individuals listed at the conclusion of the audits, along with the corrupted corporations (Orin, 2008). Despite these corporate failures, these corporations eventually addressed the ethical issues, which had previously influenced them to misrepresent themselves and lose stakeholder trust.

The Sarbanes-Oxley Act of 2002. Cicero once said, "Where is there dignity unless there is honesty?" In response to the financial accounting crises of the last decade, the Securities and Exchange Commission (SEC) implemented specific requirements with which corporations must comply (Orin, 2008). The primary purpose behind the establishment of the Sarbanes-Oxley Act of 2002 (SOX) was to improve business ethics, as the publication of ethical codes of conduct are now required, along with rotating the lead auditor within the firm (Orin, 2008). With the establishment of SOX, the SEC has sought to instill public confidence back into the financial markets, and also maintain the integrity upon which accounting principles are based. Currently, any firms that are listed on the United States stock exchange must satisfy the requirements of SOX (Lobo & Zhou, 2010).

SOX contains eleven titles that address a variety of areas in the financial realm, including conflict of interests, the PCAOB, corporate fraud and accountability, auditor independence, and corporate responsibility (SEC, 2002). The SEC is placing extra emphasis on an organization's ethical conduct and is also providing general guidelines for corporations that include some of the major ethical issues that its individual written codes should address (Orin, 2008). The two major components of SOX that seek to prevent any future corporate ethical disasters involve the code of ethics establishment requirement and the lead-auditor rotation requirement.

The Code of Ethics requirement (found in Section 406) requirement primarily seeks to encourage corporations to provide formal standards of acceptable conduct throughout the corporation (Orin, 2008). The SEC has not mandated specific requirements within each organization's code of ethics but seeks to stress the importance of a strong system of ethics that applies to the employees, directors, managers, and administrators of the organization. In a survey conducted by *BusinessWeek* in late 2003, the survey concluded that the ideals upon which individual ethics are based cannot be formally taught in higher education (Reader Survey, 2003). Even at the undergraduate level, it has become apparent that accounting majors typically are not required to take ethics courses (Haas, 2005), and, if they are, the actual topic of ethics can only be credited with about three hours within a typical 120-hour accounting degree (McNair & Milam, 1993).

In Sections 203 and 207, SOX addresses the issue of audit-partner rotation within an accounting firm, which requires the lead auditor to rotate every five years (SEC, 2002). This portion of SOX emphasizes the principle in the accounting profession of avoiding conflicts of interests and maintaining independence and objectivity in all courses of action. Even the perception of independence from individual investors has been noted to provide greater confidence in the accounting field, specifically after the mandatory audit-partner rotation was enacted (Mason, 2004). The importance of an individual's ethical system and tendency towards integrity is essential in this case, since auditing requires thinking of the client over oneself.

Before and after: implications toward future modifications. Thoreau (1906) once said, "It is truly enough said that a corporation has no conscience. But a corporation of conscientious individuals is a corporation with a conscience" (p. 150). With the implication of such governing bodies as the PCAOB and mandatory Codes of Ethics, the SEC seeks to create a business environment that supports and grooms such conscientious individuals. Despite the SEC's attempts to foster such an environment in the accounting field, the nature of man does not warrant such positive implications. The natural tendency is for an individual to be dishonest and motivated primarily by self-interest and financial profit (Carlopio, 2002). Although one may believe that this apparent lack of moral reasoning falls on the backs of the lower-ranked employees, the reverse seems to be true. Research has shown that managers and partners tend to exhibit lower moral reasoning levels than their junior counterparts (Ponemon, 1990). This may be due to the desire for financial or personal gains that are more readily available for managers and partners, compared to those of the juniors in the organization. Ponemon (1990) also gave "differences in socialization" (p. 184) as a cause for the somewhat inverse relationship between upper and lower management and their lack of moral reasoning.

In a study of Certified Public Accountants (CPAs) and Chief Financial Officers (CFOs) regarding the current regulation regarding restrictions placed on auditing firms providing other services to clients in addition to the audit, the majority of these CFOs and CPAs believed providing additional services was an unacceptable practice (Hill, McEnroe, & Stevens, 2009). This study also showed that most CPAs and CFOs believed that due to the policies set forth in SOX, investors and creditors should have greater confidence in the financial statements. The CPAs in this survey also believe Section 302 of SOX, which addresses corporate responsibility in presenting the financial reports, has helped increase the overall transparency of the financial statements in recent years (Hill, McEnroe, & Stevens).

As would be the case with any organization's policies, SOX should be carefully examined to see if its actual results are similar to the expected results that the SEC intended to achieve. Given the multiple provisions provided by SOX, it may be beneficial to look at the sections that will have the largest implications and determine the effectiveness overall. If the current system were ineffective, it would be more profitable to improve upon it than to continue towards potential unethical practices (Orin, 2008).

Utilitarianism

Over the course of history, philosophers and theologians alike have sought to provide answers and theories to explain an individual's actions and thoughts. The most popular ethical theory that has been attributed to address this dilemma in the business world is utilitarianism (Fritzche & Becker, 1984). Utilitarianism addresses the idea of maximizing the greatest amount of good (i.e. utility) for the greatest number of individuals. The relationship to ethics is implied in the definition, where an act is deemed ethical if the majority of individuals are happy and receiving a benefit. Burton and Goldsby (2009) believe that if a behavior does not meet a justifiable ethical standard, it will lead to negative consequences for the stakeholders over the long term. More contemporary views of utilitarianism find that the "best possible outcome" must be promoted from an impartial point of view if one is to truly seek to maximize happiness (Frederiksen, 2010). The basis of utilitarianism can be found in consequentialist backgrounds, where the ends ultimately justify the means (Bentham, 1843). It is not the process that is emphasized as much as the result, which clearly conjures up various areas of ethical conflict.

Utilitarianism is traditionally more goal and group-oriented than other philosophical views that may be based on theories of justice (Premeaux, 2004). Similar research has condoned this shift from an individual mentality to a group mindset, since large corporate failures have been attributed to a mix of both individual and contextual factors in comparison to a few individuals who lack ethical values (Bazerman & Banaji, 2004). In utilitarianism, there are two different forms that have been more thoroughly investigated throughout the years. One form of utilitarianism is rule-utilitarianism, which, is the application of the maximization of happiness in relation of the actions to specific rules (Audi, 2007). The second form of utilitarianism is act-utilitarianism, which analyzes the potential rule and considers the ultimate happiness that results from this action. Based upon this analysis, the actions that produce happiness with fewer consequences are taken (Audi, 2007).

Differing Views with a Common Goal

The principles of utilitarianism may be attributed to two primary people, Jeremy Bentham and John Stuart Mill. Although both men sought to improve the general welfare of society through the principles emphasized in utilitarianism, they had slightly different ideas of how to provide the greatest benefit to society. Jeremy Bentham (1843) provides the more familiar view of utilitarianism, which seeks to provide the greatest good for the greatest number, while John Stuart Mill (2010) bases an individual's happiness upon the proportion of happiness it provides.

Bentham vs. Mill. Jeremy Bentham (1843), in what he refers to as the "greatest happiness principle," views utilitarianism as the greater proportion of pleasure to pain. Bentham continues in explaining his main idea that one "sum up all the values of all the pleasures on the one side, and those of all the pains on the other [and] take an account of the number of persons whose interests appear to be concerned…Take the balance; which, if on the side of pleasure, will give the general good tendency of the act" (1961, p. 594).

John Stuart Mill looks at utilitarianism in the form of a calculable proportion. Mill (2010) says "[u]tility holds that actions are right in proportion as they tend to promote happiness, wrong as they tend to produce the reverse of happiness. By happiness is intended pleasure, and the absence of pain; by unhappiness, pain, and the privation of pleasure" (para. 2). Perhaps more importantly, Mill's personal beliefs play a role in his philosophy. He finds utilitarianism to be most effective when one's actions are in alignment with what God approves (2010).

While both individuals agree on the concept of maximizing happiness, there are small discrepancies in each of their definitions, which would allow their (Bentham and Mill's) views to be unified. The primary downfall in Bentham's understanding of utilitarianism comes from the requirement of an "act to be right if and only if it maximizes aggregate utility for the population in question" (Bentham, 1961, p. 594). This requirement leaves the possibility for a larger number of people to be denied a particular act (that could benefit them) if the proportion of pleasure to pain is not as significant to that of a smaller population. On the contrary, Mill implores the individual to use common sense in determining what actions may benefit the greatest good, compared to a strict adherence to popular beliefs (2010).

Origins: Biblical or Not

The theory of utility has triggered much conversation over the years, since becoming a prominent philosophy of many business-based decisions (Audi, 2007). However, much to the surprise of many of the theory's most devout followers, this philosophy is not founded on biblical principles nor can it be put in the same category with other absolute-based theories.

Utilitarianism is a teleological system that is founded upon the principle of the end justifying the means. The primary focus is on the results and outcome, compared to the actual process (Hosmer, 2007). Similarly, utilitarianism is itself a form of moral relativism that cannot be attributed to any absolutes, especially not the unchanging character and nature of God. Clearly it is these broad generalities and the ability for the rules to be changed based upon the results that often provide the most concern for ethicists today. Even Mill (2010) proposes that "[i]f utility is the ultimate source of moral obligations, utility may be invoked to decide between them when their demands are incompatible" (para. 32). This emphasizes the decision that must be made between an individual's moral values and the greater good, if presented with the choice. The focal point of utilitarianism is that pleasure and pain are the primary bases for ethical decisions (Audi, 2007).

Biblical principles show that the unchanging nature of God is the foundation of moral theories based upon absolutes like Christianity. While Christianity specifically, is based upon moral absolutes and is guided by binding principles, the foundations are more duty-centered (deontological) in contrast to the result-centered theory of utilitarianism. Moreover, the results are always in compliance with God's laws and thus will never be used to break rules (Sullivan, 2012).

Application of Christian Ethics in Accounting

While the deontological principles found within the fundamentals of Christianity are based upon absolutes, these principles are encouraged by many researchers to be applied to the business and accounting fields. Deontological principles, like those fundamental to Christianity are rule-centered. The rule is what determines the end results and is what will always be considered good (Sullivan, 2012). Similar to how integrity is a focal point of ethical virtue, a strong ethical belief system is essential to the reputation of the individuals and corporations of the accounting profession. The importance of a Christian worldview is making sure that the behaviors of each individual will encourage and lead both the stakeholder as well as the rest of the corporation towards more responsible behavior in the way business is conducted at the organizational level. The importance of ethical behavior is evident, since individuals who have a tendency to make unethical business decisions are likely to turn away consumers from the firm (Iancu, L. Popescu, & V. Popescu, 2010).

Call to Personal Responsibility

According to the Bible and in accordance with absolutist philosophies, the individual is employed to do what is right and make the most of every opportunity (James 4:17; Colossians 4:5b, NIV). In the book of James (2:17), James says, “faith by itself, if it is not accompanied by action, is dead.” One’s personal beliefs are not able to contribute to effective results unless the ethical morals are internalized (Wuthnow, 1998).

In the book of Matthew, Jesus advises each person to be aware of the influences and characteristics that are able to steer an individual away from eternal life (Matthew 7:17-20). The emphasis in this case is placed on the bad fruit that can influence the responsibility an individual has accepted, in addition to any “good fruit” he or she has produced. Another example is given in the Parable of the Ten Minas, where a tenant went away for a time but had entrusted each of his servants with different amounts before leaving. While he was away, two of the servants invested his money and received back double of what they had originally had invested. Meanwhile, the third servant was afraid to lose what money he had, if he were to invest it, so he buried it in the ground. When the tenant returned, he was utterly pleased with the servants who had reaped a greater profit off of the little he had originally given them. However, to the one who did nothing with what he was given, that one mina was taken from him and given to the servant who had profited the most (Luke 19:11-25). In this parable, Christ emphasizes personal responsibility when he explains, "…to everyone who has, more will be given, but as for the one who has nothing, even what he has will be taken away" (Luke 19:26).

In relation to serving the needs of others, and the parallels to the field of accounting, the Bible also presents various scenarios where individuals are advised to act responsibly while also serving others. Paul says, "When I was a child, I talked like a child, I thought like a child, I reasoned like a child. When I became a man, I put childish ways behind me" (1 Corinthians 13:11). Responsible behavior is clearly distinguished, in this verse, since the business environment requires more business etiquette. Similarly, the field of accounting requires responsible, honest behavior as opposed to the "childish" self-seeking behavior often equated with human nature. The individual is also exhorted to honor one's father and mother, since this is pleasing to the Lord (Exodus 20:12). Included within the Ten Commandments, the advice and wise counsel of one's parents, and authority figures in general, is important in developing responsible behavior (Romans 13:1-7).

Importance of Moral Responsibility

The Bible not only addresses the importance of personal responsibility to the life of the individual, but also the implications of moral responsibility. The amount or lack of moral responsibility can often be traced to the amount of personal responsibility in an individual's life. One example of this is in the Parable of the Shrewd Manager, in which the manager was wasting his master's possessions. Instead of owning up to his mistake, the manager called in each one of the master's debtors and had each of them cut their debts in half. When the master came and saw what looked like good results, from a management perspective, he commended the dishonest manager for his good work (Luke 16:1-9). Christ made an important note for all those in similar positions by saying, "Whoever can be trusted with very little can also be trusted with much, and whoever is dishonest with very little will also be dishonest with much…And if you have not been trustworthy with someone else's property, who will give you property of your own?" (Luke 16:12). This should be a clear point for those in management positions especially but also should be a reminder for each individual in an organization, since he or she act as representatives of that company and its values in addition to his or her own personal beliefs. Similarly, Proverbs 25:26 says, "Like a muddied spring or a polluted fountain is a righteous man who gives way before the wicked" (ESV). Solomon advises each individual to stand firm in what they believe lest they become "polluted" by wickedness.

The field of accounting is an extremely influential field that plays a tremendous role in the economic world. If individuals are not maintaining a high degree of moral and personal responsibility, then it is highly unlikely that they will be able to achieve the vision and long-term goals of the organization. Despite the various negative implications that a lack of personal moral responsibility may have on an organization and its stockholders, adherence to strong ethical values can positively impact an organization.

Utilitarian Conflict in Accounting

Utilitarianism has played an increasingly influential role in the field of accounting as one of its primary philosophies. Though many of the principles drawn from this philosophy do not seem to be questionable, upon closer examination, many of the basic tenets of utilitarianism are flawed. Accounting is a field with many bases for ethical turmoil. Increasingly evidenced in the past few decades within many leading corporations and accounting firms, the need to focus on current ethical issues must be brought to the forefront.

Comparison to Biblical Moral Theories

One of the primary reasons that utilitarianism falters as a philosophy, especially in accounting, is its lack of absolutes. The field of accounting is guided by the generally accepted accounting principles and standards (GAAP, GAAS) along with the American Institute of Certified Public Accountants (AICPA), so it is provided with a specific set of guidelines by which the accountant is to abide. However, utilitarianism does not offer the same point of view. Although accounting theories may change over time, these fundamentals and principles stay the same. It would therefore be insufficient to offer utilitarianism as the primary source of moral reasoning, based solely on the importance of absolutes within an ethical system.

In utilitarianism, the end always justifies the means. The importance of the process is not nearly as important in determining the resultant happiness and good (well-being) for the stakeholders. One of the primary reasons behind this ethical system is that all opposing views are correct due to the ever-changing nature of each individual's circumstances.

The most effective ethical theories will be founded upon a set of absolutes that will stand the test of time, and those of the Word of God have most certainly done that. God is more concerned with the process an individual takes in his relationship with Him. The Lord's character largely contrasts the traits of utilitarianism, since His nature is absolute. In Malachi 3:6, God demonstrates His definitive and unchanging nature, like He proclaims Himself to be. This verse demonstrates how, only those moral theories that are based upon moral absolutes can be used to support accounting and business principles. Overall, there are two primary areas, accountability and vagueness, in which the theory of utilitarianism falters in comparison to the absolute nature of Christianity, and these areas will be discussed in the following sections.

Accountability

A problem that comes to light in utilitarianism is the lack of accountability that this theory provides. Utilitarianism is a very subjective system of moral reasoning, since it varies depending on both the individual and the result. This again falls back to the problem of no absolutes. However, the lack of accountability is also a large problem, due to the fact that there is no one individual who ultimately makes the decisions or who determines the “greatest good” for the entire group of people. An accountant and Certified Public Accountant (CPA) will be held responsible for his actions by the AICPA as well as the PCAOB to uphold the standards and principles written in the Code of Professional Conduct (AICPA, 2010). The field of accounting begs for a philosophical system that offers accountability for its members, similar to the style of the Code.

The lack of accountability provided in the moral philosophy of utilitarianism is also quite different from that of the Bible, where an individual is continuously provided examples of what is to be emulated in his or her life. The life of a Christian is to imitate God in his or her words and actions, so that others may see Christ reflected through the demonstration of love (Ephesians 5:1). The Bible offers accountability by counseling individuals, specifically those in managerial positions to live above reproach (1 Timothy 3:2). Similarly the Ten Commandments are ultimately designed for every individual to use in order to hold them accountable in everyday life, in all circumstances (Exodus 20).

Vagueness of the Definition

Within utilitarianism there are no firm foundations. The characteristics of utilitarianism do not offer any specifics, since the philosophy itself is not founded on any absolutes. One of the prime reasons comes from unknown variables, like who determines what is the greatest good, what is the greatest happiness, and how this happiness will be distributed. In relation to accounting and the business world, utilitarianism is not a fit moral theory because it depends on some person rising to power and making the ultimate decision for a potentially large group of people. The point at which utilitarianism always falters is its potential to be exploited by those in charge at the expense of those who are not fully able to take care of or defend themselves (Hosmer, 2007).

While utilitarianism asks for a certain individual or group to decide for another group, Christianity and deontological moral theories place the Lord as the ultimate Truth and the greatest happiness for the entire world (John 3:16, 33). Also, although utilitarianism has its origins in the philosophies of men, who were subject to sin and imperfection, the Bible is based on the perfect nature of God (Psalms 18:30). Due to the tendency of mankind to act in a self-seeking manner, along with the corporate scandals of the last decade in the field of accounting, it is imperative that the ethical basis for accounting be founded on a set of principles that look out for individuals at all levels- both the rich and poor (Matthew 5:3-11, 11:28-30).

Conclusion

As seen throughout the fundamentals of utilitarianism, moral theories and philosophies do not provide the solutions to solve every problem. At the forefront of accounting is the issue of ethics, and until ethics is defined more thoroughly and integrated throughout an organization, there will continue to be a conflict in the business world.

One of the potential solutions that is offered to prevent future scandals from occurring in the future is to promote advanced education for those in the business field, especially those who will go on to become accountants. This would include incorporating ethics courses into the curriculum for a graduation requirement. Even though this education requirement would not guarantee that individuals would behave ethically in the workplace, it would provide them with the knowledge basis of how to handle situations when the situations arose. Once more individuals become aware of current ethical issues before entering the workplace and are better able to discern how to act, they will be more prepared to deal with the issues when they actually occur (Williams & Elson, 2010).

A similar way to improve communication within a corporation is for those in upper-level management to encourage the ethics system or code of ethics from the top-down. As individuals from all levels of the corporation are encouraged to present their opinions and struggles regarding ethical issues, the more likely it will be for issues to be resolved and any discrepancies to be revealed. If lower-level employees are encouraged and shown an example by their leaders to maintain high ethical standards, then the organization will run smoothly and will be less likely to participate in controversial actions.

Most importantly, a strong ethical environment will be established only when each individual believes in the value of integrity and acts accordingly. One of the primary reasons a corporation exists is to please its stakeholders and gain a profit, so it is extremely easy for the managers to get caught in the mentality of solely seeking financial rewards. If this is the primary aim of an organization or an individual, then it will not be successful in the long term. Utilitarianism is a temporary, teleological theory that, in the accounting world, looks to maximize the happiness of the stakeholders through financial gains. Meanwhile, a good reminder today can be seen through the life of Christ as He taught that the heart of an individual is where one will find their treasure (Matthew 6:21). Utilitarianism has no correlation with accounting in being its primary moral philosophy, and only when those in management realize this and begin to enforce a moral philosophy that is based on a system of absolutes, will the organization be able to focus effectively on integrity-building in its employees. Without integrity firmly rooted in an organization, a code of ethics will never properly be established. Although integrity is not something that can be taught in the classroom, it is what forms the foundation of all ethical decision making, whether it is at the lowest level of a business or of a manager at the top.

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