



## **Accounting Scandals and Curriculum Redesign: Rethinking Accounting Education for Ethical Judgment, Transparency, and Professional Accountability**

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### **Abstract**

Recurring accounting scandals have significantly undermined public trust in financial reporting and raised persistent concerns about the adequacy of traditional accounting education. High-profile corporate failures—characterized by earnings manipulation, audit breakdowns, governance failures, and ethical lapses—have highlighted the limitations of curricula that prioritize technical rules over professional judgment, ethical reasoning, and critical skepticism. This paper examines the relationship between major accounting scandals and the need for curriculum redesign in accounting education. Drawing on global scandal case evidence, professional education standards, and learning theory, the study proposes a competency-based curriculum redesign framework that integrates ethics, governance, forensic thinking, and technology-enabled transparency into core accounting programs. A mixed-method evaluation model is outlined to assess the effectiveness of redesigned curricula in developing ethical sensitivity, analytical capability, and professional responsibility. The paper concludes with actionable recommendations for educators, accreditation bodies, and policymakers, arguing that meaningful curriculum reform is essential to prepare future accountants capable of preventing, detecting, and responding to financial misconduct.

**Key word:** accounting scandals, curriculum redesign, accounting education, ethics, corporate governance, professional judgment, fraud, audit failure

### **Introduction**

Accounting scandals have repeatedly exposed vulnerabilities in corporate governance systems and the accounting profession's ability to safeguard the public interest. From earnings manipulation and off-balance-sheet financing to audit failures and regulatory capture, such scandals have caused massive financial losses, job destruction, and erosion of investor confidence. Despite regulatory reforms and tighter standards, new scandals continue to emerge, suggesting that compliance-based solutions alone are insufficient.

Accounting education plays a critical role in shaping the professional competence and ethical orientation of future accountants. Traditional curricula, however, have often emphasized technical mastery of standards and procedures while underemphasizing ethical judgment, skepticism, and systemic risk awareness. As a result, graduates may possess strong computational skills but lack the ability or courage to question aggressive accounting practices or managerial pressure.

This paper argues that accounting scandals should be viewed not only as regulatory failures but also as educational signals that necessitate fundamental curriculum redesign. By analyzing the nature of accounting scandals and their implications for learning outcomes, this study proposes a globally relevant framework for redesigning accounting curricula to better align with professional responsibility and societal expectations.

## **2. Accounting Scandals: Nature and Educational Implications**

### **2.1 Defining accounting scandals**

Accounting scandals typically involve intentional misrepresentation of financial information to mislead stakeholders. These misrepresentations may arise from fraudulent financial reporting, aggressive earnings management, concealment of liabilities, improper revenue recognition, or collusion between management and auditors. While each scandal has unique characteristics, common themes include weak governance, conflicts of interest, ethical compromise, and failure of professional skepticism.

### **2.2 Common patterns observed in scandals**

Across global contexts, accounting scandals often share structural patterns:

- Excessive focus on short-term performance metrics
- Management pressure on accounting and audit professionals
- Weak internal controls and oversight
- Overreliance on rule-based compliance rather than substance-over-form reasoning
- Ethical disengagement and rationalization of misconduct

These patterns suggest that purely technical knowledge is insufficient to prevent misconduct; deeper cognitive and ethical competencies are required.

### **2.3 Why scandals expose curriculum gaps**

Scandals highlight gaps between what is taught in classrooms and what is required in practice. Many accounting programs historically treated ethics as a peripheral topic and failed to integrate real-world complexity into instruction. As a result, students may graduate without sufficient exposure to ambiguous situations where standards are exploited and ethical courage is tested.

## **3. Review of Literature**

### **3.1 Accounting education and professional failure**

Research consistently shows that ethical lapses in accounting are rarely due to ignorance of rules but rather failures in judgment, integrity, and organizational culture (Blanthorne et al., 2007). Scholars argue that education must therefore focus on developing ethical sensitivity and professional identity, not merely technical competence.



### **3.2 Curriculum rigidity and rule-based learning**

Traditional accounting curricula are often criticized for being overly rule-based and exam-driven. Such approaches may inadvertently encourage “box-ticking” behavior, where compliance is prioritized over critical evaluation. This mindset can make professionals vulnerable to manipulation when standards are complex or ambiguous.

### **3.3 Calls for curriculum reform after scandals**

Following major scandals, professional bodies and educators have repeatedly called for curriculum reform, emphasizing ethics, governance, and skepticism. International Education Standards (IES) issued by IFAC explicitly highlight professional values, ethics, and attitudes as core learning outcomes (IFAC, 2019).

## **4. Theoretical Foundations for Curriculum Redesign**

### **4.1 Moral development and ethical reasoning**

Kohlberg’s theory of moral development suggests that individuals progress through stages of ethical reasoning, and education can facilitate this progression through dilemma-based learning and reflection. Accounting education that includes ethical debate and case analysis can therefore strengthen moral judgment.

### **4.2 Professional skepticism as a learned competence**

Professional skepticism is not an innate trait but a skill that can be cultivated through exposure to complex cases, contradictory evidence, and reflective questioning. Curriculum redesign must embed skepticism as a learning outcome across courses, not only in auditing modules.

### **4.3 Constructivist and experiential learning**

Constructivist learning theory emphasizes that knowledge is actively constructed through experience. Case-based learning, simulations, and forensic projects allow students to engage with realistic scenarios similar to those encountered in scandals, supporting deeper learning and retention.

## **5. Global Perspectives on Scandals and Educational Response**

### **5.1 North America**

In North America, accounting scandals have prompted reforms emphasizing internal control evaluation, audit independence, and ethics education. Many programs now integrate ethics cases into financial reporting and auditing courses, although implementation depth varies across institutions.

### **5.2 Europe**

European accounting education increasingly emphasizes principles-based standards and professional judgment. Curriculum reforms often link accounting scandals to governance failures, encouraging interdisciplinary learning involving law, ethics, and corporate governance.

### **5.3 Asia and emerging economies**

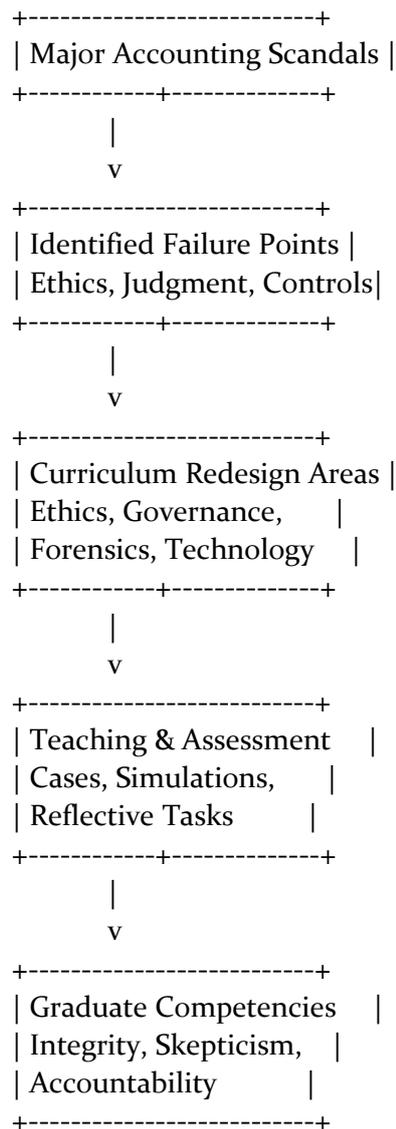
In many Asian and emerging economies, rapid market growth and regulatory gaps have heightened the risk of accounting scandals. Curriculum redesign efforts in these regions often

face constraints related to resources and faculty training, yet there is growing recognition of the need for ethics and governance-focused education.

### 6. Conceptual Framework: Scandal-Informed Curriculum Redesign (SICR) Model

This paper proposes the **Scandal-Informed Curriculum Redesign (SICR) Model**, which uses accounting scandals as pedagogical anchors for curriculum development.

**Figure 1. SICR Model for Accounting Curriculum Redesign (Conceptual Diagram)**



#### 6.1 Key elements of the SICR model

The model emphasizes backward design, where curriculum outcomes are derived from observed professional failures. Scandals become learning laboratories rather than historical footnotes.

## **7. Curriculum Redesign Strategies**

### **7.1 Integrating ethics across the curriculum**

Ethics should be embedded throughout accounting courses rather than confined to a single module. Financial reporting, auditing, and management accounting courses can incorporate ethical decision points and discussion prompts.

### **7.2 Case-based and scandal-driven learning**

Analyzing real accounting scandals enables students to understand the consequences of unethical behavior. Structured case analysis encourages students to identify red flags, evaluate alternative actions, and apply professional codes of conduct.

### **7.3 Forensic and investigative accounting components**

Introducing forensic accounting concepts—such as fraud detection techniques, data analytics, and red-flag analysis—helps students develop investigative mindsets aligned with scandal prevention.

### **7.4 Assessment redesign for ethical competence**

Traditional examinations should be supplemented with authentic assessments, including case memos, oral defenses, and reflective essays that evaluate ethical reasoning and professional judgment.

## **8. Methodology: Evaluating Curriculum Redesign**

### **8.1 Research design**

A mixed-method research design is proposed to evaluate redesigned curricula. Quantitative measures assess learning gains, while qualitative data capture student perceptions and ethical reasoning processes.

### **8.2 Data collection instruments**

- Pre- and post-tests on ethics and professional judgment
- Case-based performance assessments
- Student surveys on ethical awareness
- Faculty interviews and curriculum audits

### **8.3 Data analysis**

Statistical techniques can assess competency improvements, while thematic analysis of qualitative data explores how students interpret ethical dilemmas and professional responsibilities.

## **9. Discussion**

### **9.1 Linking scandals to learning outcomes**

Using scandals as teaching tools helps students appreciate the real-world consequences of unethical accounting practices. This approach promotes deeper engagement and reinforces the societal role of the profession.

### **9.2 Balancing technical rigor and ethical reflection**

Curriculum redesign should not dilute technical rigor but contextualize it within ethical and governance frameworks. Technical expertise gains value when combined with integrity and accountability.

### **9.3 Institutional and cultural challenges**

Implementing curriculum reform requires faculty development, institutional support, and sensitivity to cultural norms. Resistance may arise from overloaded curricula and assessment traditions, necessitating phased implementation strategies.

## **10. Implications for Stakeholders**

### **10.1 For educators**

Educators should adopt interdisciplinary approaches, leverage real-world cases, and assess ethical reasoning explicitly. Faculty training in ethics facilitation is essential.

### **10.2 For professional bodies and accreditation agencies**

Accreditation standards should emphasize demonstrable ethical competencies and encourage innovation in curriculum design and assessment.

### **10.3 For policymakers**

Educational policy should support curriculum flexibility, resource allocation, and collaboration between academia and professional organizations to strengthen ethics education.

## **11. Limitations and Future Research**

### **11.1 Limitations**

This paper is primarily conceptual and synthesizes existing literature rather than presenting empirical findings. Institutional diversity may limit generalizability of proposed frameworks.

### **11.2 Future research directions**

Future studies could empirically test the impact of scandal-informed curricula on ethical behavior during internships and early career stages. Comparative cross-country research would further enrich global understanding.

## **12. Conclusion**

Accounting scandals serve as powerful reminders that technical proficiency without ethical grounding can lead to catastrophic outcomes. Redesigning accounting curricula in response to these failures is not optional but essential. By integrating ethics, governance, forensic thinking, and professional judgment into core learning outcomes, accounting education can better prepare graduates to uphold public trust. The Scandal-Informed Curriculum Redesign model



provides a structured pathway for educators and institutions seeking to transform accounting education into a force for transparency, accountability, and ethical leadership.

### **Figure 2. Suggested Image for the Paper (Placeholder)**

#### **Image Description:**

*A timeline infographic linking major global accounting scandals to key curriculum reform themes (e.g., ethics integration, forensic accounting, governance education, audit skepticism), illustrating how educational responses evolve in reaction to professional failures. (This image can be designed in Canva or PowerPoint and inserted as Figure 2.)*

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