

# Worldcom ethical dilemma



In 1998, Betty Vinson was promoted to a senior manager in the firm's corporate accounting division. Two years later in her position she experienced a major ethical dilemma. The company WorldCom was a very successful company up until the middle of 2000 when the telecommunication industry entered a protracted slump. The company's earnings were not Wall Street expectations, and it was saddled with unpaid bills.

Vinson's job was to repair the problem by doing some wrong accounting practices. The ethical dilemma is whether she should or shouldn't do and the consequences if she does or doesn't do. What ethical decision should Betty Vinson take? The first right decision is to do the wrong accounting practice. Vinson was told that it was only one-time transaction. In this situation it is not wrong to do bad accounting practices if it can help the company out.

One of the ethical theories to support the dilemma is utilitarianism. Helping out the company would help everyone in the business. It seems like in the accounting department there is none ethical practices and therefore causing this cultural relativism to exist. To some extended surprise it is odd that the upper management would order to do something like that. They have created this culture not to question superiors.

Emotism engages some part in this ethical decision too. Sullivan was considered one of the top CFO's in the country and approved the transaction, than it must be satisfactory. Teleological she would act morally right or acceptable if it produces some desired results such as career growth. The

other decision is not to practice the wrong doings of accounting. It could end up a big risk for her career if she takes the fiduciary duty.

The first thing on her mind was Legal Positivism. Accounting rules state that reserves can be established only if there is an expectation that loss will occur in the unit where the reserve is established. To take this process ethically, if the law is "positive" (in which in this case it was), known or written provided the basic for ethical decision-making. Her ethical egoism was to tell her husband about her concerns over the accounting irregularities; she should take his view on this matter. He urged her to quit and she should do so because I am sure that her husband could provide family earnings somehow. Corporate Social Responsibility is another important ethical decision for this dilemma.

Vinson should act for the best interest of the stakeholders. How would the stakeholders feel if the process ended up in slippery slope? No matter what happens to the company, she would feel comfortable not be committed of White Collar Crime. WorldCom's primary stakeholders are customers, other businesses, community, employees, and members of the board. For her first decision-making process, the customers would probably feel that the company is going the right direction and therefore they would continue to do business with them but with more caution. Other businesses would probably loose their earnings or even worse go out of business. The debt is so huge that the impact for other smaller businesses would be hard for them to gain earnings.

The community wouldn't notice any major impact if Vinson and her team did the first decision-making. However, they could possibly learn in the future the unethical action the company took because our western society cultural transparency. The employees in the company would view this as unethically and perhaps the culture in that company would act unethically. There is a possibility of firing or laying-off the work force to lower costs and gain revenue. As for the members of the board, they should consider firing or resigning the CEO in few months if the company does not make a turnaround. The biggest impact could be having the trust from shareholders firing the CEO.

The members of the board should consider the many accomplishments the CEO had with operating this company. For her second decision-making process, the customers would probably discontinue doing business with this company. The economy could become weaker, especially in Jackson, Mississippi. The WorldCom employees could lose their jobs and causing higher unemployment. Other businesses could lose their jobs too if they had strong relationship with WorldCom.

The picture would not look good for the community as a whole. The members of the board would feel guilty not seeing this mistake in their hands of power. The members of the board would leave the shareholders empty handed. All of this could occur if Vinson decided not to take any part of wrongdoing. WorldCom would have no chance producing revenue and therefore it would go bankrupt. The right decision I personally would make, would be the second decision-making.

The reason for this action is because I care about my status and not off others. I care that I do not commit any White Collar Crime. My belief is that sooner or later the actions will be caught and I do not want to be part of it. I am pretty sure that I could find another job somewhere else with a great history of a job position.

My primary virtue is to do the right thing. I hate doing something that I believe is not fair and unethical. I could not accept being a senior manager to Director of Management Reporting, when I know how wrongfully I did my previous job. I care what I love, and that is my family.

If my wife urged me to quit the job, I would give thoughts about it but still agree with her. The ability to make my family happy is far more important than the employees at work. Vinson needed to put more thought into this while deciding her ethical dilemma.