

# [Accounting ethics questions](https://assignbuster.com/accounting-ethics-questions/)

[Finance](https://assignbuster.com/essay-subjects/finance/)

Accounting Ethics Questions Differences between Utilitarianism and Egoism The proportion by which actions tend promote happiness defines how right such actions are while the proportion by which actions tend to promote the reverse of happiness defines how wrong the actions are (Duska, Duska, & Ragatz, 2011). In utilitarianism action should bring the greatest good for the greatest number of people while the consequences for both the agent and for everyone are considered in judging an action’s worth.
In egoism, only consequences for the agent are considered in judging an action’s worth and not all the people who are concerned with or affected by the action. In addition, utilitarianism considers moral sensibilities than egoism and shows what people do when there are reasons to justify an action or practice (Duska, Duska, & Ragatz, 2011). For instance, through egoism, a financial officer can decide to deposit the company’s money in his or her own account to earn interest, but cannot do the same, if s/he were to follow utilitarianism.
However, utilitarianism is somehow flawed because company managers can justify lying to a bank about the company’s financial condition to obtain credit because they believe such an act will make many people better by saving the company from collapsing or making losses (Duska, Duska, & Ragatz, 2011). It also difficult to determine the benefits of an action in utilitarianism because outcomes of events cannot be measured precisely in advance (Blake & Gowthorpe, 2005).
2. Differences between a Categorical Imperative and a Hypothetical Imperative
A categorical imperative is an unconditioned objective that every agent ought to obey whether s/he is reasonable to be rational to or irrational to be tempted to do the opposite. Satisfaction of a particular desire or achievement of a further end should not be what motivates a good actions, but rather good actions should be performed because of they are good in themselves (Paton, 1999). An action is performed as a principle of duty because it is necessary.
On the other hand, a hypothetical imperative is a good action which is performed, and is dependent on the end, that is the agent’s particular desire for a particular end (Paton, 1999). An action is performed due to the underlying purpose
There are two kinds of hypothetical imperatives. These are the technical imperatives of skill or pragmatic imperatives of prudence (Prichard & MacAdam, 2002). Technical imperatives of skill are concerned with possible ends while pragmatic imperatives of prudence are concerned with actual ends (Prichard & MacAdam, 2002).
There is one categorical imperative only. This is why Kant refers to it as ‘ the categorical imperative’ and not ‘ a categorical imperative’, implying that it is only one and it is known to be one. The main difference between the Golden rule and the categorical imperative is that the categorical imperative does not embrace reciprocity (Coetzee & Roux, 1998). This means it not based on prior desire as is the case of the Golden Rule where one ought to do unto others as s/he would wish it to be done to him or her (Coetzee & Roux, 1998).
3. Kant’s Universalizability Principle and Avoidance of the Perception of a Conflict of Interest by Auditors
According to the universalizability principle one is supposed to act as if the maxim of his or her action were to become through his or her will a universal law of nature (Miles, 2003). Therefore, auditors should ensure that there is no conflict of interest in the company whose financial statements they are auditing. However, because of the prior relationships that auditors create with clients, during their subsequent audits, auditors cannot all conflicts of interest. Also, auditors ought to have faith in representation (Duska, Duska, & Ragatz, 2011). These two factors make Kant’s reasoning not to support the conclusion that auditors must avoid the perception of a conflict of interest.
4. Why Accounting is NOT a Profession
Every profession should be governed by rules, which are meant to regulate a profession. However, this has not been the case for accounting, considering various, major corporate scandals. This means that accountants have been guided by greed. In addition, auditors are not paid by those that they represent, as should be the case of a profession. Instead, they are paid by those that they are supposed to assess and this makes it a business, not a profession. Finally, accounting lacks a clear history or tradition, as other professions.
5. Why Full Disclosure is not the Chief Ethical Difficulty in Accounting
The chief ethical difficulty in accounting is exposure of breach to financial accounting standards. This is because when an accountant discovers that there has been breach of financial accounting standards, s/he faces a very difficulty ethical dilemma because s/he has to choose between a using a utilitarianism approach or egoism approach. Given that utilitarianism is most favored, then the accountant faces a dilemma of whether to report these violations, which are expected to lead to bad press, rapid decline of a company, loss of jobs by employees and criminal prosecutions that may lead to heavy penalties.
References
Blake, J., & Gowthorpe, C. (2005). Ethical Issues in Accounting. Abingdon: Routledge Press.
Coetzee, P. H., & Roux, A. P. (1998). The African Philosophy Reader. London: Psychology Press.
Duska, R. F., Duska, B. S., & Ragatz, J. (2011). Accounting Ethics, 2nd Edition. Chichester: Wiley-Blackwell Press.
Miles, M. (2003). Inroads: Paths in Ancient and Modern Western Philosophy. Toronto: University of Toronto Press.
Paton, H. J. (1999). The Categorical Imperative: A Study in Kants Moral Philosophy. Philadelphia: University of Pennsylvania Press.
Prichard, H. A., & MacAdam, J. (2002). Moral Writings. New York: Oxford University Press.