

Ethics and professionalism in accounting

[Business](#), [Accounting](#)



AC 216 – Ethics and Professionalism in Accounting Exam #1 Name SOLUTIONS

Part I. Multiple Choice (2 pts each, 40 pts total) Instructions: Select the one

best answer to each question. 1. The insufficient anchor adjustment

cognitive bias refers to: a. placing too much significance on the average

value. b. placing significance on an erroneous prior value. c. overconfidence

in one's decision based on insufficient information. d. placing too much

significance on a value which is the hardest to recall. 2. Which of the

following characteristics typifies a complicated environment? . good practice.

b. process reengineering. c. exclusive use of experts. d. best practice. " c"

arguably makes sense but the word " exclusive" makes it less than the best

answer. 3. Which of the following statements is correct: a. Problems can be

universally agreed upon, while issues are subject to greater depth of debate.

b. Problems and issues are both always universally agreed upon. c. Issues

can be universally agreed upon, while problems are subject to greater depth

of debate. d. Problems are exactly the same as issues. 4.

Deciding whether to use strawberry or grape jam on one's sandwich is: a. not

a moral issue because no real decision needs to be made. b. a moral issue

because a choice between alternatives is required. c. not a moral issue

because no component of harm exists. d. a moral issue because

consequences are important. 5. Ksenia believes that success is under her

own control. She most likely has a/an: a. high internal locus of control b. high

external locus of control c. high locus of control d. a lack of locus of control 6.

Kohlberg's theories on ethical awareness state that: . differing levels of

ethical awareness exist. b. locus of control determines one's level of ethical

awareness. c. most individuals reach a " stage 3" level of ethical awareness.

d. both A and C are correct. 7. Which of the following statements regarding Trevino's eight steps to ethical decision making are incorrect? a. The framework starts off with mechanical steps followed by personal ones. b. Identification of stakeholders and weighing alternatives are two separate steps. c. In real life decision making, not all eight steps are always followed. d.

The role of intuition is not considered. 8. Which of the following ethical approaches is considered to be a mixed framework? a. Kant ethics. b. Sidgwick's dualism. c. Love ethic. d. Existentialism. 9. The Existentialism approach is similar to the egoism approach in what regard? a. Both are teleological approaches. b. Both are deontological approaches. c. Both have a narrow individual focus. d. Both balance individual and group considerations. 10. Which of the following statements is correct? a. Business ethics deals exclusively with the theory behind right and wrong. b.

Business ethics deals with the application of standards of right and wrong. c. Ethics and law are synonymous. d. Ethics and morality are exactly the same since both deal with application of right and wrong. 11. Which of the following describes law and ethics. a. They are exactly the same. b. Some legal actions may not be ethical. c. All ethical actions are also legal. d. All legal actions are also ethical. 12. According to the textbook and class discussion, U. S. Federal Sentencing Guidelines: a. Treat all firms equally despite their attempts to act ethically. b.

Increase the severity of penalties for firms that tried to act ethically but failed to do so. c. Attempt to reduce the severity of penalties when a firm has tried to act ethically. d. Treat misconduct as a clear cut matter of right or

wrong. 13. The argument for extreme ethical relativism fails because: a. It is illogical. b. It advocates a consequentialist decision making framework. c. It advocates a mixed framework approach. d. Both A and C are correct. 14. Ethical conduct depends largely on: a. Good decision making. b. Practical application of standards of right and wrong. . Making decisions when not all facts are known. d. All of the above. 15. Which of the following best typify's a Contractarian Ethics approach? a. Treating like cases in a consistent and fair manner. b. Focusing on overall collective benefit for society. c. Balancing just actions for individuals only. d. Everyone should look out for themselves only. In this way, overall society benefits. 16. A set of practices, for polite society, common to a particular group is called: a. etiquette. b. custom. c. law. d. professionalism. 17. According to Jim Collins great companies focus on: a. Short-termgoalsonly. b. Long-term goals only. c. Both short and long term goals. d. Neither short nor long term goals. 18. Intuitionism: a. is a mixed framework. b. emphasizes rules and exceptions to the rule. c. a deontological framework. d. Both “ a” and “ b” 19. Which of the following is correct regarding the definitions of the following terms? | | Morality | Ethics | | a. | Theoretical | Practical | | b. | Practical | Theoretical | | c. Theoretical | Theoretical | | d. | Practical | Practical | 20. Which of the following statements regarding business ethics is incorrect? a. The mechanics of thinking and decision making are key components. b. Use of different approaches and frameworks always yields the same decision since there is always a best option. c. Decisions often need to be made when all facts are not known. d. Just because more than one option exists, it does not mean that all options are acceptable. Part II. Essay (20 points each; 60 points total)

Prepare a proper essay response to all three of the questions appearing below.

1. Define the notion of an “ ethical dilemma. ” What tests are available which help to indicate the presence of an “ ethical dilemma? ”
2. If you had to choose just one of the philosophical approaches discussed in this chapter to guide your decision making, which would you choose? Why? Or, if you had to rank them from most to least helpful, how would you rank them?
3. Citing an example to help illustrate your point, define and apply the 8 steps recommended in ethical decision making as discussed by Trevino.