

Accounting ethics: the real situation of the company essay sample



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It depended on did he tell the real situation of the company or not.

If he told the truth, First, I would recognize the ethical dilemma. If the loan isn't obtained, the company may go under, leaving more than 100 people without jobs. But to ensure that company receives the loan, I have to overstate the company's sales and net income for its most recent fiscal year.

Second, I would move toward an ethical resolution by identifying and analyzing the principal elements in the situation. The stakeholders are bank, shareholders and stuffs of our company. If we would be able repay the loan, bank would get interests, shareholders would get benefit, employees would not be unemployed. But misrepresent Kokomo's financial data will violate bank's right to know. There are no real interest are in conflict. My responsibilities and obligations are save their job for employees, and to repay the loan for the bank.

Third, I would consider some replacements for this scheme. 1. Apply the loan with real financial reports. The profits have been just declining over the past two years, but not sustain losses in business, it have a high possibility that bank will accept the loan apply. But, if they won't, company might be confronted staffs reduction. 2. Make a staff reduction plan, layoff people who did not work hard. It will raise morale of staffs who worked hard. But if everyone does themselves' work as well, it would be backfired. Staffs might be worried and dissatisfied so capacity decrease. In any case, layoff is immorality because of the business social responsibility.

Finally, through consider all the circumstances and the consequences; I might make the same decision with Michael's. Dependent on the act
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utilitarianism, a person's act is morally right if and only if it produces at least as much happiness as any other acts that the person could perform at that time. I believe overstating the profit to assure the loan will be applied is the best and most ethical solution.

But if Michael lied with the situation or have a wrong perception of the company, I would not overstate to apply the loan. Because if I do so, then company would not improve due to some other reasons, and could not repay the loan, whoever each one of the stakeholders would be impaired. Bank would assume more risks; employees still faced on be unemployed; shareholder's benefit would be harmed. It's not ethical at all.