

# [Vioxx ethical issues assignment](https://assignbuster.com/vioxx-ethical-issues-assignment/)

As a result, many problems will need to be subjected to further analysis and data gathering for the most ethical solution to emerge. What to consider, and how to put the data together to generate n ethical decision -? and hopefully the most ethical decision – is the purpose of Chapter 4. In particular, important points of learning include: a. Why traditional philosophical approaches to teeth kcal decision making are so useful, b. Why ethical actions need to take stakeholder interests into account, c. What the fundamental interests of stakeholders are, d. Owe to assess the impact of proposed actions on these interests, e. How to make these assessments comprehensive, f. How to use the approaches outlined and moral imagination to improve unethical decisions, and g. How to deal with problems of the commons. Possible teaching approaches, using cases and readings My Proponents are available on my website at www. Coinage. Com/ accounting/brooks. They will show the order that use to develop the material in this chapter. Usually, I begin with a simple case like Karakul paper Co. R Ford/ Firestone Tire Recall or Betrayers to illustrate the traditional philosophical approaches and the Modified 5-Question Approach to stakeholder impact analysis, and follow on with a discussion of the chapter material. In the second class, I deal with the Pinto Case and the Moral Standards and Pasting approaches to stakeholder impact analysis. The Vision Decisions case is a good one for the students to work with as an assignment. The Karakul paper Co. Case provides a good platform for introducing the concepts of philosophical and stakeholder analysis.

The stakeholders are easy to identify – for the most part – and the class usually forgets to consider the unborn infants. The discussion of the harm to the unborn tends to accentuate the need for proper stakeholder analysis so that all issues will be included in the decision framework. The issue of proper treatment of the unborn also underscores the need to rank the stakeholders as to their ability o withstand the impacts of the proposed decision. The issue of whether to accord the environment a status on its own, or just according to society’s present needs is also a topic which gets the class involved.

This case seems to fit the philosophical and the Modified 5-Question Approach quite well, but leads easily to a discussion of the need to expand the approach to include cost-benefit analysis instead of just profit, and social contract ethics to judge fairness. Students also like the way this case exposes poorly constructed Boards of Directors, and the related discussion of “ due diligence” procedures which kooks back into the environmental material in this and earlier chapters. The prospect of whistle blowing is one usually close with.

In fact, that’s what happened, and it stresses the need to consider the potential weightlessness as stakeholders right up front. In a second session, lead off with the Ford Pinto Case which illustrates how much our perception of the value of life and health have changed, and how a properly crafted cost-benefit analysis is need to keep corporations out of trouble. The need to bring future impacts into the analysis is also critical and this case shows how this may be done. For the traditional bottom-line manager, showing the short-term profit impacts and the longer-term impacts on others will be revealing.

No intelligent executive should be without this information and no decision based solely on short-term profit is likely to be considered reasonable in the future. Future costs to others are likely to impact upon the company’s profits sometime, so including them in the decision framework presents a complete picture. Students may have heard Of cost-benefit analysis before, and may think it to be too subjective to be worthwhile. I can usually overcome this by illustrating tit a few examples from the health area (like the costs of an illness caused by work which results in time off, medical treatment, drugs and hospital time).

Also observe that it is usually better to make decisions based on data which is generally correct than precisely wrong. From the Pinto Case it is relatively easy to extend to the Modified Moral Standards and Modified Pasting Approaches to ethical decision making. There is an overlap, but also some add-ones. I stress the desirability of adding on what the decision calls for – what techniques are needed to cover all the bases. This leads to a discussion of when one method is more applicable than another.

You will find that your class members will gravitate to one approach or another depending on their personal preferences. When combining the approaches, it is absolutely essential is that no approach to ethical decision making is likely to be complete unless all four of the fundamental principles are present: well-offenses, fairness, rights and virtues expected. You will find that your students often forget to include all four when they are analyzing a problem and need to be reminded. Figure 4. 5 presents a useful overview of a sound iterative, comprehensive, ethical session making process.

In addition, you should work with a short problem – perhaps one assigned as a hand-in – to show the students how a solution can be improved on an iterative basis, with each iteration being Viewed as a new stakeholder impact analysis. The chapter now has four illustrations of comprehensive ethical decision making that provide very useful application guides related to: phone pricing policy, bribery and moral imagination in China, aggressive accounting, and assessing proposed audit adjustments. The Illustrative Case Application of Stakeholder Impact Analysis focuses on he Audit Adjustment?

Case and is offered in order to expose readers to the analytical approach would use on such matters. I would suggest that accounting students be directed to consider this illustrative example carefully and be ready to respond or pose questions on it in class. A full analysis is not possible on every dimension due to the lack of information, but indications are given as to what information ought to be sought and what to do with it. In fact, the ranking of stakeholders to give affect to their ability to withstand the impact of the proposed adjustment is quite interesting and goes beyond he levels suggested in the chapter.

The readings by Brooks (cost-benefit analysis) and Tucker (5-question approach) are specific to the sessions and are assigned to add background understanding. You will find that this sequence is very well received by your students who will consider the prospect of using the suggested approaches far more realistic after, than before. Invariably, the students begin to use them in other classes like finance, marketing and strategy. So be prepared for your colleagues to drop in and see you for background material.

Do not overlook the important material on developing a more ethical action moral imagination); common ethical decision making pitfalls; and illustrations of the ethical decision making approaches to topics of great interest to students and practitioners: When does aggressive accounting become fraudulent? … And Bribery or Opportunity. Also regard the Smokers are Good… Case as one that will excite some controversy. The ethics audit questionnaire is provided to give a glimpse of what is in the future of the profession as assurance work broadens.

Answers to questions for discussion 1 . Why should directors, executives, and accountants understand consequentiality, demonology, and virtue ethics? Directors, executives and accountants frequently encounter problems requiring decisions where the right action is not covered in law or a company’s code, or where the code is being created or re-examined. In those instances, the traditional philosophical approaches to ethical decision making can raise issues for consideration and provide guidance for ethical decisions.

Understanding why the consequences of an act are importance, and how to assess them with regard to expectations of duty, observance of rights and fairness, and of virtues to be demonstrated, can provide important insights. In the future, decisions will be increasingly scrutinized for their ethically as well as their legality and profitability, and must be, and be seen to be defensible according to traditional considerations. 2. Prior to the recent financial scandals and governance reforms, few corporate leaders were selected for their ; retires” other than their ability to make profits.

Has this changed, and if so, why? Yes. With the recent revision and stiffening of governance requirements, directors are now expected to select and monitor senior executives (CEO and CUFF at least) based in part on heir ethically as evidenced by their contribution of a wholesome “ tone at the top”. Without proactive ethical leadership, a company’s ethics program (see Figures 5. 7, 5. 8 and 5. 9) will not succeed. 3. Is it wise for a decision maker to take into account more than profit when making decisions that have a significant social impact? Why? Yes.

An organization needs the support of its primary stakeholders to attain its strategic objectives in the long run. It cannot afford to ignore the interests of these stakeholders and those that they are influenced by. Profit is usually a horn-term concept that needs to be stretched into a mufti-period framework by considering more than just the next buck. 4. If a framework for ethical decision making is to be employed, why is it essential to incorporate all four considerations of well-offenses, fairness, individual rights and duties, and virtues expected?

It is possible for a set of stakeholders to be better off as a whole, but the proposed action may be grossly unfair to one group (say, the children involved) or may offend the rights of one or more groups (say, women or men) to a degree that may cause the decision to be considered unethical. Moreover, failure to consider expected duties and virtues will damage the corporation’s credibility and reputation, thereby weakening the support of various stakeholder groups and the organization’s ability to reach its strategic objectives. . Is the modified 5-question approach to ethical decision making superior to the modified moral standards or modified Pasting approach? Not really. The superior approach for a specific problem depends on the nature of the impacts involved. If future impacts of a subjective nature are involved, then cost-benefit analysis should be employed. If the ground rules of a company re expected to influence the implementation of a decision, then they should be canvassed.

If a commons is at stake, then employing that concept may help the executives involved to analyze the proposed actions ethically. A particular executive’s preference or style may also have to be taken into account. The circumstances will dictate the approach which is most attractive/suitable. 6. Under what circumstances would it be best to use each of the following frameworks: the philosophical set of consequentiality, demonology, and virtue ethics; the modified 5-question; the modified moral standards; and the modified Pasting approach?

The traditional philosophical approaches consequentiality, demonology, and virtue ethics – are time-honored approaches that have been refined into the modified 5-question; the modified Moral Standards; and the modified Pasting approaches for convenient decision making in those instances noted below. The philosophical approaches, taken as a Set, can be applied to any problem rather than a specific sub-set, and they would be superior where there are strong expectations for the demonstration of duty and of virtues in the solution.

Given what has been said in response to the last question, the modified 5- question approach seems best suited to short-term, profit-oriented problems that confront the law and impact the environment or require a tailored specific 5th question. The modified moral standards approach is suited to people-related or future-oriented problems where externalities are present that are not captured in the profit measure. Modified Pasting approach suits problems internal to an organization. Each approach/or part thereof can be used on almost all problems. 7.

How would you convince a CEO not to treat the environment as a cost-free commons? Depending on the person involved, they may be responsive to: altruism, the avoidance of big fines (corporate & personal) or jail; or to arguments that under-pricing the use of the environment can lead to resource allocations which will look foolish in a few years because the cost structures will change, or that opportunities for opening up new markets or competitive advantages will be lost, or that whistle-blowing or activist groups will make things uncomfortable, etc. Loud show the CEO what a cost- benefit or risk benefit analysis would look like that would bring such factors into the decision computation. The decision would be up to the CEO, but at east all the factors would be on the table, not hidden or forgotten. 8. How can a decision to down-size be made as ethical as possible ; by treating everyone equally? No. Equal treatment (laying off by seniority or age or? ) may not be fair to those who can least withstand it.

I would advise building in an appeals mechanism to any downsizing process to allow for such things as serious impacts on autistic children, or the disabled, who would be displaced, etc. Each case would have to be subject to the agreement of the unions involved, but believe this approach would be received well if broached in advance. Recent studies have developed a concept of ethical renewal that involves a mechanism for fairly encouraging and evaluating opportunities to make the organization better.

Part of the process involves developing trust among employees that they will be treated fairly and will not suffer in the process of continuous improvement. 9. From a virtue ethics perspective, why would it be logical to put in place a manufacturing process beyond legal requirements? Definitely. A manufacturing process that protected the environment or the workers involved would engender the support of key stakeholder groups such as environmentalists and workers, leading to cooperative government and media relations and the higher commitment of current employees to do their best, and future employees to join.

Reputation factors are definitely sensitive to the demonstration of expected virtues. 10. List the companies that have faced ethical tragedies due the following failings in their ethical culture: a. Lack of ethical leadership: Livens, Enron, World, Tycoon, Delphic, Siemens, Parallax, Goldman Cash, Hollering/Revelations b. Lack of clarity about important values: Arthur Andersen, KEMP, E & Y (aggressive tax helpers), Ford, Firestone c. Lack Of ethical awareness and expectations by employees: DOD Corning, MIMIC d. Lack of monitoring of ethically of actions: Barings Bank, Sociot Gnreal e.

Unethical reward systems: Sears (auto centers), Banker’s Trust, Royal Old, many brokers f. Unreasonable pressures for unrealistic performance: MIMIC, Healthiness 1 1 . Give an example of behavior that might be unethical even though “ everyone is doing it”. Mechanics telling customers they need new tires before they really do. Cell phone companies selling warrantee programs on the basis that they provide or every eventuality, but require sending you phone away for repairs for 3-4 weeks each time, multiple times before they will give you a new phone.