

# [Effect of unethical behavior article analysis](https://assignbuster.com/effect-of-unethical-behavior-article-analysis/)

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Ethics has long been a word that has several different meanings to different people. With most it means what “ should” be done in various situations. It does not necessarily mean that it is illegal not to do what it considered ethical. Throughout history people have tried to justify the things they have done to make it seem as they had the best interest of those around them at heart. Unethical behavior can be exhibited in many areas of our lives such as in our communities, churches, and especially in our businesses in the accounting office.

Life is an ever pressuring force that sometimes will contribute to unethical behaviors in the accounting field. Sometimes those that exhibit unethical behavior in accounting will do so in an effort to keep their jobs. They may feel that it they don’t conform and get the numbers that their supervisor wants they can be replaced. Others may do it for personal gain; it is possible that they will get kickbacks if the company does well. This can be done if they overstate the value of the company’s assets and/or underreport the liabilities.

This behavior can make a company look more profitable than it really is and can cause millions of people to invest and ultimately lose their investments based on a fudged report. In the accounting field there are many unethical practices that can lead to hardship in the life of many. Many of these practices were brought out of the shadow when Enron Corporation, an energy company headquartered in Houston, Texas, was caught practicing unethical accounting practices.

There were rumors that they practiced bribery, insider trading, overstating revenue, understating expenses and a whole lot of other unethical accounting behaviors. What they were doing was unethical but perfectly legal, until the Sarbanes-Oxley Act was enacted. The federal government came up with this act in an effort to protect and secure the free enterprise system the United States of America. The act established a tighter set of accounting standards and potential disciplinary actions if they were ignored.

The act has set a level of accountability for managers and officers of companies. Many agree that in some instances the law has at its best led to a culture of compliance, not a culture of integrity. (Kimmel, Weygandt, & Kieso, 2011). Tell one lie and you have to tell another, and another, and another. The lie keeps growing and snowballing until one day it crashes. This holds true in life and in accounting. No matter how good you may make the numbers look at some point what is done in the dark will come to the light.

Eventually, numbers just don’t lie anymore. And this leaves you exposed. So when practicing accounting it is a best practice to do it right the first time. Enron’s unethical behavior effected the lives of millions directly and some indirectly. It caused many people to lose their life savings and even caused some people to take their own lives. In hind sight, I’m sure that anyone of their employees that participated in the unethical behaviors would say that it just was not worth it.