

Ethics and moral reasoning

Psychology, Behaviorism



Ethics and Moral Reasoning I choose the real-life case involving an ethical dilemma concerning Michael Vines at Health South Company. HealthSouth is among the nation's largest healthcare services providers with multiple locations nationwide. Michael Vines was a bookkeeper of the HealthSouth Company. Michael Vines's main ethical dilemma was either to voice out on how several members of management under the asset-management division was recording transactions or not (Mintz & Morris, 2008).

This is because he believed that the assets were fraudulently overstated on the company's balance sheet. Further, his dilemma was governed by a utilitarian framework that states an ethical decision should maximize benefits to the society while it minimizes harm.

For that reason, his dilemma was whether he should allow HealthSouth executives put their wealth and well-being before the rights of their shareholders and creditors or not. Concerning what Michael Vines did, he told his immediate supervisor, Cathy Edwards, that he was not willing to make such entries unless she first initialed them. For that reason, she signed off the entries hence allowing Michael Vines to log them. At one point, he tried to spread the word about the practices in the department. He also sent an email to HealthSouth's auditor, Ernst & Young LLP, flagging one small area of alleged fraud (Mintz & Morris, 2008). Based on the Kohlberg stage, Michael Vines acted according to stage four. Stage four focuses on an activity that is geared towards maintaining the social order in the society through sound judgments (Lapsley, 2018).

This applies in the sense that the behavior of the HealthSouth's executives would interfere and affect the delivery of care to the society. Some of the positive consequences that may occur are:

- Michael Vines respected his role in the company, and he would not face the law over fraud cases.
- Cathy Edwards who was her supervisor, would conclude that he was a transparent person.
- Even though he opted to resign willingly, he got himself another job to continue sustaining himself.
- He maintained his clean record in HealthSouth Company since he refused to back fraud activities.

Some of the negative consequences that may have occurred are:

- Cathy Edwards, her supervisor, would have been angry with him because he refused to take part in fabricating the balance sheets.
- The company lost his services as an employee after he opted to resign from his work.
- Operations delayed after Michael Vines resigned since his roles had to be assigned to another person.
- Michael vines might have lost close friends especially those who supported the fraud activities.

Regarding a different possible course of action that could have been taken, Michael Vines would have decided to let the fraud and fabrication of figures in the balance sheet continue. By this, he would have opted to support and remain silent about the \$ 1 million in entries that he believed were

fraudulent. Through this course of action, he would be acting following the third stage. The third stage asserts that actions are done to maintain good interpersonal relationships regardless of whether they are good or bad (Mintz & Morris, 2008). Besides, the results of these activities relate to the approval of others. Some of the positive consequences that may have occurred are:

- His supervisor and other executives who supported the fraud would be happy to continue looting the Company.
- The executives of the Company would continue exploiting the funds and resources for their own benefit.
- Michael Vines would also benefit directly or indirectly from his supervisor if the fraud continued.

On the other hand, some of the negative consequences that may have occurred are:

- The executives connected with the fraud would get caught later and be punished after investigations were conducted.
- The public would continue to suffer since services would be halted as the executives continued to use the money to satisfy their personal needs.
- The prestige and the ideal image of HealthSouth Company would be tarnished hence losing a lot of customers.

Another possible course of action would be attributed to moral values and principles that Michael Vines accommodated. In other words, this means that he would discourage the fraud activities even though it meant being hated

by others. For that reason, he would be acting according to the third stage of the Kohlberg stages which emphasizes post-conventional morality. In this stage, individual judgment is based on self-chosen principles while moral reasoning is based on individual rights and justice (Harding, 2017). Some of the positive consequences that may have occurred are:

- Michael Vines would contend that he acted according to what he believed to be right.
- He would be glad that he saved the public from being exploited since they had also invested in the Company.
- Besides, he would be happy that he voiced out fraud suspicions to Yahoo hence putting the Company in the limelight.

Some of the negative consequences that may have occurred are:

- HealthSouth Company would continue exploiting the funds expected to help the people.
- Third-party stakeholders would continue to suffer as a result of the exploited resources.
- Michael Vines would face rejection and be ridiculed because of his stand.

If I happened to be in the same situation, I would have solved the dilemma by using the fourth stage of the Kohlberg model. According to Lapsley (2018), this stage asserts that actions and decisions should be geared towards the expectations of the society. Besides, the judgment should be according to the overall goodwill of members of the society. Concerning this case, I would have voiced out by dissatisfactions regarding the fraud on the

fabricated balance sheets to an audit firm for more investigations. Therefore, the paper shows how the Kohlberg model can be well implemented in solving dilemmas especially in a situation that involves business and the society.