

The primary stakeholders for this case

Business



The primary stakeholders for this case are the investors, stock holders and other clients that are directly doing business with the company. Furthermore, secondary stakeholders can be the company's employees and board members. Whatever decision the company's controller takes, it will have a direct effect on these stakeholders. b. The president's request regarding increasing the allowance for doubtful accounts from 2% to 4% poses some ethical dilemma for the company.

As the controller of the company, the controller knows what is best for the company, thus, suggesting a 2% allowance for doubtful accounts guarantees that the company will be, at least, achieve its target growth rate. However, the president wants the company to play safe, thus, suggesting an increase in allowance. Even though the president has a good intention in his request, the fact that he is overestimating the allowance poses many possible effects for the company and for the stakeholders in the long run.

The company and its stakeholders might be misled by the impression that they are achieving their target growth rate when in fact, that percentage is lower compared to the actual target growth rate that the company should accomplish. In addition, the request posted by the president does not have any quantitative data to support the decision. This, in the long run may underestimate the potential of the company in terms of financial growth because the increase in allowance in turn, means an decrease in company income (Clausen 2009).

c. The company's controller should be concerned in the company growth rate because as the company's employee, he is also a stakeholder of the company who can be affected if wrong decisions are implemented. His job of <https://assignbuster.com/the-primary-stakeholders-for-this-case/>

assuring the company's stability will be affected if wrong estimations regarding financial activities will be followed. He as the controller should make sure first if the president's suggestion would be suitable for the company before implementing it.

If the suggestion will pose unreasonable risk for the company, then the suggestion should be abandoned and other ways on securing the company's growth rate should be done to still achieve the target results (Clausen 2009).

? Source: Clausen, James (2009). Accounting 101 Allowance for Doubtful Accounts. Suite 101. com. Available at: http://accounting.suite101.com/article.cfm/accounting_101_allowance_for_doubtful_accounts