

Accounting Ethics: Understanding Ethical Frameworks

Gordon Klein

Table of Contents

Chapter 1 – Introduction to Ethics	1
Learning Objectives	1
Am I Ethical?.....	1
What Are Ethics?	1
Ethics and Accounting.....	2
Ethics in Our Daily Lives	3
Ethics in Our Professional Endeavors	5
The AICPA Code of Professional Conduct.....	5
The IFAC Code of Ethics for Professional Accountants.....	7
Other Sources of Accountant Regulation.....	8
Ethical Judgments in Accounting.....	9
Ethics in Financial Accounting.....	9
Ethics in Tax Reporting	10
Ethics in Internal Controls.....	10
Ethics in Management Accounting.....	11
Ethics in Governmental and Nonprofit Accounting	12
Ethics in Other Accounting Roles	13
Common Ethical Rationalizations.....	13
“Everyone Does It”	14
“The Other Guy’s Worse”	14
“If It’s Not Illegal, It Can’t Be Wrong”	14
“No Harm, No Foul”	15
“They Made Me Do It”	15
Ethics in This Book	15
Why Should I Be Ethical?.....	15
Solution to “Am I Ethical?”	17
Review Questions	18
Review Answers	19
 Chapter 2 – Ethical Principles and Reasoning	 21
Learning Objectives	21
Am I Ethical?.....	21
Distinguishing Ethical Behavior from Legal Behavior	21
The Universality of Ethical Rules	23
Ethical Absolutism.....	23
Ethical Relativism.....	23
Ethical Absolutism versus Relativism.....	26
An Introduction to the AICPA Code	26
An Overview	26
The Core Principles of Professional Conduct.....	27
The Public Interest	29
Integrity.....	31
Objectivity and Independence	33
Due Care and the Scope and Nature of Services.....	34

Table of Contents

The Development of Moral Reasoning	35
Kohlberg's Stages of Moral Development.....	36
Applying Kohlberg's Six Stages to the Accounting Profession.....	39
Criticisms of Kohlberg's Approach.....	40
Making Ethical Decisions	41
Rest's Four-Component Model of Ethical Decision Making	41
The Accounting Profession's Models of Ethical Decision Making ..	43
Is Ethical Decision Making Truly Rational?	45
Solution to "Am I Ethical?"	46
Review Questions	48
Review Answers	49
 Chapter 3 – The Core Philosophies	 51
Learning Objectives	51
Am I Ethical?.....	51
Introduction.....	51
The Core Philosophies.....	52
Consequentialism.....	52
The Nature of Utilitarianism	53
Criticisms of Utilitarianism	54
Deontology.....	56
Criticisms of Deontology.....	61
Revisiting Core Ethical Principles.....	63
Is Lying Ever Ethical?.....	63
Is Stealing Ever Ethical?	66
Is It Ever Acceptable to Take Others' Property?.....	67
Is Discrimination Ever Acceptable?	68
Neurobiology and Ethical Decisions	70
A Self-Test.....	70
The Neuroscience of Deontology and Consequentialism	71
Solution to "Am I Ethical?"	73
Review Questions	74
Review Answers	75
 Chapter 4 – Virtue, Justice, and Social Responsibility	 77
Learning Objectives	77
Am I Ethical?.....	77
Introduction.....	77
Distributive Justice	78
The Nature of Justice	78
Theories of Distributive Justice.....	78
The Neurobiology of Distributive Justice	83
Virtue Ethics	84
Egoism and Concern for Others	85
The Nature of Egoism	85
Proponents of Egoism	85

Table of Contents

Critics of Egoism	86
Corporate Social Responsibility.....	87
The Nature of Corporate Rights and Duties	88
Sustainability and Corporate Social Responsibility.....	93
Solution to “Am I Ethical?”	102
Review Questions	104
Review Answers	105
Glossary	107
Index.....	111