

*Student:* \_\_\_\_\_

1. When Sally is asked why she should share her toys with her sister, she responds by saying "Because my mom says I have to and if I don't I'll go to time-out." In which stage of moral development is Sally?
  - A. Conventional Morality
  - B. Nonconventional Morality
  - C. Postconventional Morality
  - D. Preconventional Morality
  
2. In reference to Rest's four-component Model of Morality, which component reflects an individual's willingness to place ethical values ahead of non-ethical values that relate to self-interest?
  - A. Moral Character
  - B. Moral Motivation
  - C. Moral Sympathy
  - D. Moral Judgment

3. The cognitive development approach refers to:
  - A. The thought process followed in one's moral development
  - B. The method of moral reasoning used in decision making
  - C. The exercise of professional judgment in decision making
  - D. The approach to giving voice to one's values
  
4. Kohlberg's model can best be described as:
  - A. The various phases in one's moral development and related levels of moral reasoning
  - B. A model of ethical action that is based on one's moral development
  - C. A predictive tool to determine how a person will reason ethically based on one's moral development
  - D. A model of age-specific levels of moral reasoning
  
5. In the "Heinz and the Drug" case described in the chapter, if Heinz was reasoning at stage 5 he might decide to steal the drug based on which of the following reasoning?
  - A. Heinz should steal the medicine, because he will be much happier if he saves his wife, even if he will have to serve a prison sentence.
  - B. Heinz should steal the medicine, because his wife expects it.
  - C. Heinz should steal the medicine, because the law prohibits exceptions.
  - D. Heinz should steal the medicine, because everyone has a right to live, regardless of the law.

6. Which of the following might NOT describe Heinz's thought process in deciding whether to steal the drug if he were at stage 6?
- A. Heinz should steal the medicine, because everyone has a right to live, regardless of the law.
  - B. Heinz should steal the medicine, because saving a human life is a more fundamental value than the property rights of another person.
  - C. Heinz should not steal the medicine, because that violates the golden rule of honesty and respect.
  - D. Heinz should not steal the medicine, because the scientist has a right to fair compensation.
7. In stage 1 of Kohlberg's model, ethical reasoning is motivated by:
- A. Fear of punishment
  - B. Satisfaction of one's needs
  - C. Following the law
  - D. Acting based on universal ethical principles
8. In stage 3 of Kohlberg's model, ethical reasoning is motivated by:
- A. Satisfaction of one's needs
  - B. Acting in the best interests of others
  - C. Upholding the rights, values, and legal contracts of society
  - D. Acting based on universal principles

9. In stage 5 of Kohlberg's model, ethical reasoning is motivated by:

- A. Acting in the best interests of others
- B. Following the law
- C. Upholding the rights, values, and legal contracts of society
- D. Acting based on universal principles

10. Individuals who reason at stage 6 incorporate ethical reasoning based on:

- A. The morality of law and duty to the social order
- B. A rational calculation of benefits and harms to society
- C. Universal ethical principles
- D. All of the above

11. A client asks his accountant to ignore a mistake which overstated the accounts receivable account. The accountant decides that the accounts receivable account has to be corrected to state the correct amount. Which stage of Kohlberg' Stages of Moral Development is the accounting reasoning?

- A. Stage 2
- B. Stage 3
- C. Stage 4
- D. Stage 5

12. The ethical domain in accounting and auditing refers to:

- A. The important constituent groups affected by accounting and auditing work
- B. The stages of the moral development of accountants and auditors
- C. The decision making process followed by accountants and auditors
- D. The rules of conduct in the AICPA Code of Professional Conduct

13. The results of studies indicate that CPAs reason primarily at:

- A. Stages 1 and 2
- B. Stages 2 and 3
- C. Stages 3 and 4
- D. Stages 4 and 5

14. Rest's "Four Component Model of Morality" can best be described as:

- A. A model of moral development based on one's thought process
- B. A model of the relationship between ethical action and one's level of moral development
- C. A model of moral judgment based on one's possession of certain virtues of behavior
- D. An approach to ethical decision making based on prescribed steps in making ethical decisions

15. Assume you were assigned a term paper and decided to surf the web to identify a provider of papers for a fee. You chose what you thought was the best paper available. With respect to Rest's model of morality it can be said that:
- A. Your actions lack moral sensitivity
  - B. Your actions are based on moral judgments
  - C. You are making judgments based on expectations of your peer group
  - D. You have made a decision based on a harms-benefit analysis
16. Yvonne is preparing a tax return for Jack. Jack wants to claim his nephew as a dependent even though he does not meet the criteria. Jack says if Yvonne does not list his nephew as a dependent, he will fire her and find a new tax accountant. Yvonne refuses because it is illegal to claim a dependent that does not meet the qualifications. Based on Yvonne's decision, she is likely reasoning at which stage of Kohlberg's moral development model?
- A. Stage 2
  - B. Stage 3
  - C. Stage 4
  - D. Stage 5
17. James Rest's model of ethical action involves four components inherent to the ethical decision-making process. Which of the following relates to a person's moral judgment?
- A. Interpreting a situation as a moral dilemma
  - B. Willingness to place ethical values ahead of non-ethical values
  - C. Intention to act ethically aligning to his values
  - D. Outcome of one's prescriptive reasoning

18. Thorne's "Integrated Model of Ethical Decision Making" can best be described as:

- A. A depiction of a model of moral development
- B. A depiction of how the Principles in the AICPA Code of Professional Conduct influences decision making
- C. A model of the role of virtue in decision making
- D. A model of the role of moral development and virtue in decision making

19. In Thorne's model of ethical decision making, the instrumental virtues relate to:

- A. Moral sensitivity
- B. Ethical reasoning
- C. Ethical motivation
- D. Ethical character

20. A criticism of the Kohlberg model is that it:

- A. Suggests that people continue to change their decision priorities over time.
- B. Considers development of moral reasoning necessary to be a moral person.
- C. Makes deontological ethics superior to other ethical perspectives.
- D. Considers all complexities of decision-making and behavior.

21. How does Gilligan evaluate the solution to Heinz's dilemma?
- A. Women think saving a life is more important than keeping the law.
  - B. Men think keeping the law is more important than saving a life.
  - C. Men tend to think in terms of justice, and women in terms of caring.
  - D. Men misunderstand and women understand.
22. Thomas Jones's research looked at the characteristics of a moral issue to develop the moral intensity model. The model includes six dimensions. Which of the following are NOT included in those dimensions?
- A. Concentration and probability of effect
  - B. Social Consensus
  - C. Proximity and magnitude of consequences
  - D. Reasoning and values-based decision-making
23. In Thomas Jones' model of moral intensity it can be said about accounting that:
- A. There is a link between the stage of moral development and ethical reasoning
  - B. The link between social consensus and ethical decision making exists because accounting is a community with shared values and beliefs
  - C. The link between probability of effect and ethical decision making exists because in accounting the rights of stakeholders are considered
  - D. There is a link between moral judgment and moral action



24. The philosophical methods of moral reasoning suggest that once we have ascertained the facts, we should ask ourselves certain questions when trying to resolve a moral issue. Which of the following is NOT one of those questions?

A. Which course of action maximizes my net benefits?

B. Which course of action develops moral virtues?

C. Which course of action advances the common good?

D. What benefits and what harms will each course of action produce and which alternative will lead to the best overall consequences?

25. Which of the following is least likely to be a step or checkpoint in ethical decision-making guidelines?

A. Recognize there is an ethical issue

B. Determine the actor

C. Test for wrong issues

D. Look for a third way

26. What is an important part in making an ethical choice, according to Kidder?

A. Knowledge

B. Loyalty

C. Courage

D. Trustworthiness

27. In his evaluation of Kidder's model, Johnson points out that:
- A. It is not easy to determine who has responsibility for solving a problem
  - B. A time constraint prevents making timely decisions
  - C. Decisions lead to action
  - D. We cannot apply lessons learned in one dilemma to future problems
28. Which of the following connect the integrated ethical decision-making process with Rest's framework?
- A. Identify the ethical and professional issues and ethical behavior
  - B. Identify and evaluate alternate courses of actions and ethical sensitivity
  - C. Reflect on the moral intensity and virtues that enable action and ethical intent
  - D. Take action and ethical judgment
29. Wanda is faced with an ethical dilemma. She knows her supervisor, the CFO, wants to accelerate the recoding of revenue to an earlier period to "make the numbers," but Wanda is convinced this would violate GAAP. If Wanda reasons at stage 4 of Kohlberg's model she is most likely to:
- A. Make a decision based on what is in her own best interests
  - B. Consider the interests of the stakeholders but decide based on what is in her best interests
  - C. Refuse to record the transaction as desired by the CFO
  - D. Inform the board of directors of the difference of opinion with the CFO

30. Keesha is the CEO of a publicly-owned company. She was informed by the CFO that the company's earnings were down 30 percent from the prior year due to the recession. The company's stock price has declined by 20 percent. The CFO comes up with a scheme to hide debt and inflate revenues by selling underperforming assets to a special purpose entity affiliated with the company. Keesha is concerned about possible effects on the creditors but ultimately she agrees to the accounting. Keesha is reasoning at:

- A. Stage 1
- B. Stage 2
- C. Stage 3
- D. Stage 4

31. Rosie is the external auditor of Texas Two Steps, a privately-owned dance company in Texas. Rosie believes the owner of the company is skimming cash off the top. She approaches the owner who explains that the money will be replaced in the following month after he refinances his house. Rosie accepts the owner's explanation but reclassifies the expenditure as a receivable of the company from the owner. Rosie's reasoning best reflects:

- A. Stage 1
- B. Stage 2
- C. Stage 3
- D. Stage 4

32. Steve is in charge of accounting for the purchase of equipment at Cal Works, Inc. The company has a policy that all expenditures greater than \$1,000 (1% of total expenditures) have to be capitalized; less than \$1,000 expensed. Steve is under pressure to report high earnings. He takes one \$600 and \$900 expenditure, adds them together, and records a capital expenditure for \$1,500. Which of the following reasons and rationalizations might Steve use for his action:

- A. One-time request
- B. Standard Practice
- C. Representational faithfulness
- D. Materiality

33. Role expectation or approval from others is a motive for doing right in which stage of Kohlberg's moral reasoning?

- A. Fairness to others
- B. Obedience
- C. Social contract
- D. Law and order

34. Carpendale suggests that moral reasoning is viewed as a process of coordinating all perspectives involved in a moral dilemma. Moral reasoning takes place in which of the following steps in Rest's Model?

- A. Moral sensitivity
- B. Moral development
- C. Moral judgment
- D. Moral character

35. What should be the first step in decision making when faced with an ethical dilemma?

- A. Choose an ethical theory to follow
- B. Discuss with others your options
- C. Get the facts surrounding the problem
- D. Determine consequences

36. Daniel Kahneman's System 1 thinking is described by all of the following except for:

- A. Automatic
- B. Emotional
- C. Intuitive
- D. Reflective

37. Which of the following statements best describes System 2 thinking?

- A. System 2 operates automatically and quickly, with little or no effort and no sense of voluntary control
- B. System 2 allocates attention to the effortful mental activities that demand it, including complex computations
- C. An example System 2 thinking is detecting that one object is more distant than another
- D. An example of System 2 thinking is effortlessly originating impressions and feelings about an event

38. Cognitive dissonance creates a problem that can be described as:

- A. Inconsistency between thoughts and beliefs and our intended actions
- B. Consistency between thoughts and beliefs and our intended actions
- C. Reducing the importance of the beliefs and attitudes on our actions
- D. Acquiring new information that outweighs the dissonant beliefs

39. An example from the book of someone who may have experienced cognitive dissonance is:

- A. Joe Paterno
- B. Cynthia Cooper
- C. Betty Vinson
- D. Richard Scrushy

40. Which of the following characteristics is NOT part of the behavioral approach, Giving Voice to Values?

- A. Used post-decision-making
- B. Capacity to express one's values
- C. Employs traditional philosophical reasoning
- D. Counteracts reasons and rationalizations

41. In using the GVV framework, questions to pose for dealing with the opposing points of view include all of the following except:
- A. What is the way to appeal all parties?
  - B. What is at stake for the key parties?
  - C. What is your most powerful and persuasive response you need to address?
  - D. What levers can you to influence others?
42. In the Doing Good by Being Good case discussed in the chapter, Becca needs to counter Matt's reasons and rationalizations for which of the following actions?
- A. Using donated funds to the Accounting Club for personal purposes.
  - B. Taking money from the Accounting Club's operating account without approval.
  - C. Taking money from the Accounting Club's petty cash fund without approval.
  - D. Using donated funds to the Accounting Club to help victims of a hurricane.
43. Which of the following is NOT one of the levers Larry Davis might use to convince Paul Jones about the rightness of his point of view in the Ace Manufacturing case discussed in the chapter?
- A. Davis can ask Paul Jones for supporting documentation to back up the coding of expenses to different accounts
  - B. Davis can try to convince Paul that his actions are harmful to the company and potentially very embarrassing for his dad
  - C. Davis can threaten to go to all the owners if Paul doesn't admit the mistake and take corrective action
  - D. Davis can threaten to go to the SEC to protect shareholder interests if Paul agrees to pay back the amounts taken out of the company and correct the accounting

44. Assume your values conflict with what you are being asked to do. Under the Giving Voice to Values methodology which of the following statements reflects the thought process you might have in developing a game plan to voice your values?
- A. Use philosophical ethical theories to reason through alternative courses of action
  - B. Use the ethical decision making model to evaluate the ethics of the situation
  - C. Reflect on the objections that might be raised to your intended expressed views
  - D. Use Systems 2 thinking to decide on a course of action
45. Gabby has just left a meeting with the partner in charge of an audit engagement and was told to ignore the typical year-end accrual entries because earnings are below financial analysts' earnings expectations. Gabby knows this is wrong and wants to act on her values but she does not want to lose her job. What is the best thing for Gabby to do in this situation if she chooses to voice her values?
- A. Quit the firm
  - B. Speak with the managing partner of the firm
  - C. Inform the SEC of the difference
  - D. All of the above



46. The ethical conflict in A Team Player can be described as:
- A. There is no conflict; Barbara and Diane both identify the deficiency.
  - B. The conflict is between Diane and the rest of the audit team on whether there is a deficiency.
  - C. The conflict is between Barbara and Haley, and the rest of the team as to whether or not to take the deficiency to Jessica, the audit senior.
  - D. The conflict is between Barbara and the rest of the team as to whether or not to take the deficiency to Jessica, the audit senior.
47. The ethical conflict Alex is facing in the FDA Liability Concerns can be best characterized as:
- A. Alex and Michael can't convince Gregory of the extent of the problem caused by the listeria identified by the FDA.
  - B. Alex wants to do the right thing by consumers of his salad oil products but Michael objects based on his cost benefit analysis.
  - C. Alex and Michael want to make the plant seem as profitable as possible so the firm can do an IPO and cash out their shares but Gregory wants to inform the FDA of the extent of the listeria problem.
  - D. Gregory and Michael are using cost-benefit analysis to pay fines and do the minimum for the FDA while Alex wants to comply fully.
48. The ethical dilemma for Brenda in "The Tax Return" case can best be described as a:
- A. Conflict between loyalty to one's supervisor and doing the right thing
  - B. Conflict between reporting an item of taxable income and ignoring it
  - C. Lack of independence due to ties to the client entity
  - D. Lack of due care in not spotting improper tax accounting

49. What ethical action should Daniel take in A Faulty Budget?
- A. Work with Pete to correct the budget so Cwervo, Pete's boss, does not find out.
  - B. Work with Pete to keep quiet about the mistake in the budget so the new hires will not be laid off.
  - C. Tell Cwervo about the mistake in the budget but only half of the actual mistake so that employees will not be laid off.
  - D. Tell Cwervo about the mistake in the budget so the company can make corrections as soon as possible.
50. In the Gateway Hospital case, Kristen's best argument to counter the reasons and rationalizations Troy might give for requesting an extra days' reimbursement is?
- A. Her loyalty is to the hospital and not Troy.
  - B. Her ethical obligation is ensuring that employees do not get reimbursed for unsubstantiated expenditures.
  - C. Troy did not stay the extra day for which he is requesting reimbursement.
  - D. All of the above.
51. In the LinkedIn and Shut Out case, Kenny:
- A. Thinks he has been scammed and takes full responsibility for the loss.
  - B. Does not see the benefit to using LinkedIn and other social media.
  - C. Thinks that LinkedIn is responsible to screen all users of the site to ensure integrity.
  - D. Does not properly use social media and LinkedIn for business for his sports memorabilia business.

52. The "Milton Manufacturing" case illustrates:

- A. What can go wrong when a company sets a policy that potentially harms one area of its operations.
- B. How the failure to exercise professional skepticism can cloud objective judgment.
- C. The pressure that can be placed on accountants by top management.
- D. What can go wrong when fraudulent accounting is dictated by top management.

53. The ethical dilemma for Ricardo in the Juggyfoot case can best be described as:

- A. Whether to go along with Fred and Ethel's accounting for the loss in value on marketable securities.
- B. Whether to let his failure to object to inappropriate accounting in the prior year influence whether he goes along with inappropriate accounting in the current year.
- C. Whether to quit the firm because of the pressure placed on him by his boss to go along with inappropriate accounting.
- D. Whether to blow the whistle on the inappropriate accounting sanctioned by the firm.

54. In the Phar-Mor case, Cherelstein's ethical dilemma can best be described as:

- A. Standing up to Pat Finn who wanted to cover up the Phar-Mor fraud until exclusivity payments coming in would cover that amount.
- B. Going to David Shapira to discuss Mickey Monus's fraudulent actions.
- C. Evaluating the levers he can use to counteract the reasons and rationalizations Monus might provide to defend his actions.
- D. Whether to inform the external auditors of the fraud at Phar-Mor.

55. Cynthia Cooper's actions in the WorldCom case can be best characterized as demonstrating:
- A. Courage and expediency
  - B. Persistence and courage
  - C. Courage and loyalty
  - D. Persistence and loyalty
56. At which stage of moral development are most accountants and auditors with respect to their decision making? What factors are responsible for their being at that stage? Given the stage of moral development you think you are at, how does this relate to the stage of moral reasoning of most accountants and auditors? What conflicts might exist for you in the workplace?
57. How does Kidder's structure for decision-making relate to the Integrated Model presented in the chapter?

58. Explain how virtue interacts with moral development in Thorne's Integrated Model of Ethical Decision-making.
59. Assume your supervisor has reduced the number of hours you charged to the client because it was over budget. You will not be paid for those hours. What would you do and why? Use ethical reasoning.
60. Describe the Giving Voice to Values framework. What are the reasons and rationalizations frequently given in financial statement fraud situations?

61. As an executive in a mid-sized manufacturing firm, Cal finds himself thrown together with Harry, who works for a division of the firm that Cal supervises. He and Harry are in the same community; their children are in the same schools; they often show up at the same social functions; and they play golf together fairly frequently.

One day, to Cal's deep dismay, he hears that Harry has been implicated in some financial irregularities at work. The issues while serious leave some room for doubt. There is reason to think Harry got ensnared by regulations, though he may have afterwards tried to cover up that entanglement by being less than forthright. Yet after what Cal observes to be a careful audit and investigation, Harry is let go from his job.

Harry comes to Cal and asks for a letter of recommendation.

What should Cal do? What are the consequences of the options?

62. As a professional working for a large electronics firm, Stan found himself riding a roller coaster of concern about lay-offs. Every few years, top management slashed jobs as work slacked off - only to hire again when things were looking up. So when Stan and his team members noticed that the executives were again meeting behind closed doors, they suspected the worst.

Stan's boss revealed to Stan that Stan's team member Jim was slated to lose his job. However, it was made plain that Stan was to keep that information confidential.

Not long after that conversation, Jim approached Stan and asked whether he could confirm the rumor that he would be laid off.

Stan has decided to tell Jim but first wants to convince management of the rightness of his action. What might he say to who and why? What are the reasons and rationalizations he may have to counter in making his argument?

63. Taken from Case 1-2 Giles and Regas.

Ed Giles and Susan Regas have never been happier than during the past four months since they have been seeing each other. Giles is a 35-year-old CPA and a partner in the medium-sized accounting firm of Saduga & Mihca. Regas is a 25-year-old senior accountant in the same firm. Although it is acceptable for peers to date, the firm does not permit two members of different ranks within the firm to do so. A partner should not date a senior in the firm any more than a senior should date a junior staff accountant. If such dating eventually leads to marriage, then one of the two must resign because of the conflicts of interest. Both Giles and Regas know the firm's policy on dating, and they have tried to be discreet about their relationship because they don't want to raise any suspicions.

While most of the staff seem to know about Giles and Regas, it is not common knowledge among the partners that the two of them are dating. Perhaps that is why Regas was assigned to work on the audit of CAA Industries for a second year, even though Giles is the supervising partner on the engagement.

As the audit progresses, it becomes clear to the junior staff members that Giles and Regas are spending personal time together during the workday. On one occasion, they were observed leaving for lunch together. Regas did not return to the client's office until three hours later. On another occasion, Regas seemed distracted from her work, and later that day, she received a dozen roses from Giles. A friend of Regas's who knew about the relationship, Ruth Revilo, became concerned when she happened to see the flowers and a card that accompanied them. The card was signed, "Love, Poochie." Regas had once told Revilo that it was the nickname that Regas gave to Giles.

Revilo pulls Regas aside at the end of the day and says, "We have to talk."

"What is it?" Regas asks.

"I know the flowers are from Giles," Revilo says. "Are you crazy?"

"It's none of your business," Regas responds.



Revilo goes on to explain that others on the audit engagement team are aware of the relationship between the two. Revilo cautions Regas about jeopardizing her future with the firm by getting involved in a serious dating relationship with someone of a higher rank. Regas does not respond to this comment.

Regas promises to talk to Giles and thanks Revilo for her concern. That same day, Regas telephones Giles and tells him she wants to put aside her personal relationship with him until the CAA audit is complete in two weeks. She suggests that, at the end of the two-week period, they get together and thoroughly examine the possible implications of their continued relationship. Giles reluctantly agrees.

However, Giles appears at the CAA audit a few days later. He pulls Regas aside and states, "I do want to put our relationship on hold until after this audit."

"We cannot be talking about this now! The audit team or the client could hear."

"Then let's have dinner tonight to discuss it. I won't leave until you say yes."

"Okay."

As Regas is returning to the audit room, Revilo says, "The team is uncomfortable with you and Giles having personal conversations in front of them. You promised this would stop."

"I appreciate your concerns again. I am working on it! Please give me some time and space."

"You don't have much time. Some of the team are talking of going to HR or the managing partner about the situation."

**Required:**

Analyze the case using GVV.

- What are the main arguments Revilo (and the audit team) are trying to counter? What the

reasons and rationalizations Revilo needs to address?

- What is at stake for the key parties?
- What levers can Revilo use to influence Regas and Giles?
- What is the most powerful and persuasive response to the reasons and rationalizations Revilo needs to address? To whom and when?

64. Taken from Case 1-7 Eating Time.

Kevin Lowe is depressed. He has been with the CPA firm Stooges LLP for only three months. Yet the partners in charge of the firm—Bo Chambers and his brother, Moe—have asked for a "sit-down." Here's how it goes:

"Kevin, we asked to see you because your time reports indicate that it takes you 50 percent longer to complete audit work than your predecessor," Moe said.

"Well, I am new and still learning on the job," replied Lowe.

"That's true," Bo responded, "but you have to appreciate that we have fixed budgets for these audits. Every hour over the budgeted time costs us money. While we can handle it in the short run, we will have to bill the clients whose audit you work on a larger fee in the future. We don't want to lose clients as a result."

"Are you asking me to cut down on the work I do?" Lowe asked.

"We would never compromise the quality of our audit work," Moe said. "We're trying to figure out why it takes you so much longer than other staff members."

At this point, Lowe started to perspire. He wiped his forehead, took a glass of water, and asked, "Would it be better if I took some of the work home at night and on weekends, completed it, but didn't charge the firm or the client for my time?"

Bo and Moe were surprised by Kevin's openness. On one hand, they valued that trait in their employees. On the other hand, they couldn't answer with a yes. Moe looked at Bo, and then turned to Kevin and said, "It's up to you to decide how to increase your productivity on audits. As you know, this is an important element of performance evaluation."

Kevin cringed. Was the handwriting on the wall in terms of his future with the firm?

"I understand what you're saying," Kevin said. "I will do better in the future—I promise."

"Good," responded Bo and Moe. "Let's meet 30 days from now and we'll discuss your progress on the matters we've discussed today and your future with the firm."

In an effort to deal with the problem, Kevin contacts Joyce, a friend and fellow employee, and asks if she has faced similar problems. Joyce answers "yes" and goes on to explain she handles it by "ghost-ticking." Kevin asks her to explain.

"Ghost-ticking is when we document audit procedures that have not been completed." Kevin, dumbfounded, wonders, what kind of a firm am I working for?

After much consideration Kevin asks for a meeting with Bo and Moe within week. Kevin does not want to take work home and off the clock. He wants the meeting to convince Bo and Moe that having auditors work off the clock and at home is not in the best interest of the firm and its mission to do independent audits with integrity, objectivity, and due professional care.

**Required:**

Analyze the case using GVV.

- What are the main arguments Kevin is trying to counter? What are the reasons and rationalizations Kevin needs to address?
- What is at stake for the key parties?
- What levers can Kevin can use to influence Bo and Moe?
- What is the most powerful and persuasive response to the reasons and rationalizations Kevin needs to address? To whom and when?



65. Taken from Case 1-9 Cleveland Custom Cabinets.

Cleveland Custom Cabinets is a specialty cabinet manufacturer for high-end homes in the Cleveland Heights and Shaker Heights areas. The company manufactures cabinets built to the specifications of homeowners and employs 125 custom cabinetmakers and installers. There are 30 administrative and sales staff members working for the company.

James Leroy owns Cleveland Custom Cabinets. His accounting manager is Marcus Sims, who reports to the director of finance, Alison Mayhew. Sims manages 15 accountants. The staff is responsible for keeping track of manufacturing costs by job and preparing internal and external financial reports. The internal reports are used by management for decision making. The external reports are used to support bank loan applications.

On April 10, 2016, Leroy came into Sims's office to pick up the quarterly report. He looked at it aghast. Leroy had planned to take the statements to the bank the next day and meet with the vice president to discuss a \$1 million working capital loan. He knew the bank would be reluctant to grant the loan based on a net income of \$90,000 on revenue of \$6,400,000. Without the money, Cleveland could have problems financing everyday operations.

Leroy called Mayhew to come to Sims's office. Leroy then asked for an explanation of how net income could have gone from 14.2 percent of sales for the year ended December 31, 2015, to 1.4 percent for March 31, 2016. Sims pointed out that the estimated overhead cost had doubled for 2016 compared to the actual cost for 2015. He explained to Leroy that rent had doubled and the cost of utilities skyrocketed. In addition, the custom-making machinery was wearing out more rapidly, so the company's repair and maintenance costs also doubled from 2015.

Leroy wouldn't accept Sims's explanation. Instead, he told Sims that the quarterly income had to be at least the same percentage of sales as at December 31, 2015. Mayhew agreed with Leroy and said there had to be a mistake and it would be corrected. Sims looked confused and reminded Leroy and Mayhew that the external auditors would wrap up their audit on April 30. Leroy told Sims not to worry about the auditors. He would take care of them. Furthermore, "as the

sole owner of the company, there is no reason not to 'tweak' the numbers on a one-time basis. I own the board of directors, so no worries there." He went on to say, "Do it this one time and I won't ask you to do it again." He then reminded Sims of his obligation to remain loyal to the company and its interests. Sims started to soften and asked Leroy just how he expected the tweaking to happen. Leroy flinched, held up his hands, and said, "I'll leave the creative accounting to you and Mayhew."

**Required:**

Analyze the case using GVV.

- What are the main arguments Sims is trying to counter? What are the reasons and rationalizations Sims needs to address?
- What is at stake for the key parties?
- What levers can Sims use to influence Leroy and Mayhew?
- What is the most powerful and persuasive response to the reasons and rationalizations Sims needs to address? To whom and when?

## 2 Key

1. When Sally is asked why she should share her toys with her sister, she responds by saying "Because my mom says I have to and if I don't I'll go to time-out." In which stage of moral development is Sally?
- A. Conventional Morality
  - B. Nonconventional Morality
  - C. Postconventional Morality
  - D. Preconventional Morality

*AACSB: Ethics*

*AICPA: BB Critical Thinking*

*AICPA: FN Decision Making*

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: 1 Easy*

*Learning Objective: 02-01 Describe Kohlbergs stages of moral development.*

*Mintz - Chapter 02 #1*

*Topic: Kohlberg and the Cognitive Development Approach*



2. In reference to Rest's four-component Model of Morality, which component reflects an individual's willingness to place ethical values ahead of non-ethical values that relate to self-interest?

- A. Moral Character
- B. Moral Motivation**
- C. Moral Sympathy
- D. Moral Judgment

*AACSB: Ethics*

*AICPA: BB Critical Thinking*

*AICPA: FN Decision Making*

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: 1 Easy*

*Learning Objective: 02-02 Explain the components of Rests model and how it influences ethical decision making.*

*Mintz - Chapter 02 #2*

*Topic: Rests Four-Component Model of Ethical Decision Making*

3. The cognitive development approach refers to:

- A. The thought process followed in one's moral development**
- B. The method of moral reasoning used in decision making
- C. The exercise of professional judgment in decision making
- D. The approach to giving voice to one's values

*AACSB: Ethics*

*AICPA: BB Critical Thinking*

*AICPA: FN Decision Making*

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-01 Describe Kohlbergs stages of moral development.*

*Mintz - Chapter 02 #3*

*Topic: Kohlberg's Stages of Moral Development*

4. Kohlberg's model can best be described as:

- A. The various phases in one's moral development and related levels of moral reasoning
- B. A model of ethical action that is based on one's moral development
- C. A predictive tool to determine how a person will reason ethically based on one's moral development
- D. A model of age-specific levels of moral reasoning

*AACSB: Ethics*

*AICPA: BB Critical Thinking*

*AICPA: FN Decision Making*

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-01 Describe Kohlbergs stages of moral development.*

*Mintz - Chapter 02 #4*

*Topic: Kohlberg and the Cognitive Development Approach*

5. In the "Heinz and the Drug" case described in the chapter, if Heinz was reasoning at stage 5 he might decide to steal the drug based on which of the following reasoning?

- A. Heinz should steal the medicine, because he will be much happier if he saves his wife, even if he will have to serve a prison sentence.
- B. Heinz should steal the medicine, because his wife expects it.
- C. Heinz should steal the medicine, because the law prohibits exceptions.
- D. Heinz should steal the medicine, because everyone has a right to live, regardless of the law.

*AACSB: Ethics*

*AICPA: BB Critical Thinking*

*AICPA: FN Decision Making*

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

6. Which of the following might NOT describe Heinz's thought process in deciding whether to steal the drug if he were at stage 6?
- A. Heinz should steal the medicine, because everyone has a right to live, regardless of the law.
  - B. Heinz should steal the medicine, because saving a human life is a more fundamental value than the property rights of another person.
  - C. Heinz should not steal the medicine, because that violates the golden rule of honesty and respect.
  - D. Heinz should not steal the medicine, because the scientist has a right to fair compensation.

AACSB: Ethics

AICPA: BB Critical Thinking

AICPA: FN Decision Making

Accessibility: Keyboard Navigation

Blooms: Apply

Difficulty: 2 Medium

Learning Objective: 02-01 Describe Kohlbergs stages of moral development.

Mintz - Chapter 02 #6

Topic: Kohlberg and the Cognitive Development Approach

7. In stage 1 of Kohlberg's model, ethical reasoning is motivated by:
- A. Fear of punishment
  - B. Satisfaction of one's needs
  - C. Following the law
  - D. Acting based on universal ethical principles

AACSB: Ethics

*AICPA: BB Critical Thinking*  
*AICPA: FN Decision Making*  
*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-01 Describe Kohlbergs stages of moral development.*

*Mintz - Chapter 02 #7*

*Topic: Kohlberg and the Cognitive Development Approach*

8. In stage 3 of Kohlberg's model, ethical reasoning is motivated by:

A. Satisfaction of one's needs

B. Acting in the best interests of others

C. Upholding the rights, values, and legal contracts of society

D. Acting based on universal principles

*AACSB: Ethics*

*AICPA: BB Critical Thinking*

*AICPA: FN Decision Making*

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-01 Describe Kohlbergs stages of moral development.*

*Mintz - Chapter 02 #8*

*Topic: Kohlberg and the Cognitive Development Approach*

9. In stage 5 of Kohlberg's model, ethical reasoning is motivated by:

A. Acting in the best interests of others

B. Following the law

C. Upholding the rights, values, and legal contracts of society

D. Acting based on universal principles

*AACSB: Ethics*

*AICPA: BB Critical Thinking*

*AICPA: FN Decision Making*

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-01 Describe Kohlbergs stages of moral development.*

*Mintz - Chapter 02 #9*

*Topic: Kohlberg and the Cognitive Development Approach*

10. Individuals who reason at stage 6 incorporate ethical reasoning based on:

- A. The morality of law and duty to the social order
- B. A rational calculation of benefits and harms to society
- C. Universal ethical principles
- D. All of the above

*AACSB: Ethics*

*AICPA: BB Critical Thinking*

*AICPA: FN Decision Making*

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-01 Describe Kohlbergs stages of moral development.*

*Mintz - Chapter 02 #10*

*Topic: Kohlberg and the Cognitive Development Approach*

11. A client asks his accountant to ignore a mistake which overstated the accounts receivable account. The accountant decides that the accounts receivable account has to be corrected to state the correct amount. Which stage of Kohlberg' Stages of Moral Development is the accounting reasoning?

A. Stage 2

B. Stage 3

C. Stage 4

D. Stage 5

*AACSB: Ethics*

*AICPA: BB Critical Thinking*

*AICPA: FN Decision Making*

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-01 Describe Kohlbergs stages of moral development.*

*Mintz - Chapter 02 #11*

*Topic: Kohlberg and the Cognitive Development Approach*

12. The ethical domain in accounting and auditing refers to:

A. The important constituent groups affected by accounting and auditing work

B. The stages of the moral development of accountants and auditors

C. The decision making process followed by accountants and auditors

D. The rules of conduct in the AICPA Code of Professional Conduct

*AACSB: Ethics*

*AICPA: BB Critical Thinking*

*AICPA: FN Decision Making*

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-01 Describe Kohlbergs stages of moral development.*

13. The results of studies indicate that CPAs reason primarily at:

- A. Stages 1 and 2
- B. Stages 2 and 3
- C. Stages 3 and 4**
- D. Stages 4 and 5

*AACSB: Ethics*

*AICPA: BB Critical Thinking*

*AICPA: FN Decision Making*

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-01 Describe Kohlbergs stages of moral development.*

*Mintz - Chapter 02 #13*

*Topic: Kohlberg and the Cognitive Development Approach*

14. Rest's "Four Component Model of Morality" can best be described as:

- A. A model of moral development based on one's thought process
- B. A model of the relationship between ethical action and one's level of moral development**
- C. A model of moral judgment based on one's possession of certain virtues of behavior
- D. An approach to ethical decision making based on prescribed steps in making ethical decisions

*AACSB: Ethics*

*AICPA: BB Critical Thinking*

*AICPA: FN Decision Making*

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-02 Explain the components of Rests model and how it influences ethical decision making.*

15. Assume you were assigned a term paper and decided to surf the web to identify a provider of papers for a fee. You chose what you thought was the best paper available. With respect to Rest's model of morality it can be said that:

- A. Your actions lack moral sensitivity
- B. Your actions are based on moral judgments
- C. You are making judgments based on expectations of your peer group
- D. You have made a decision based on a harms-benefit analysis

*AACSB: Ethics*

*AICPA: BB Critical Thinking*

*AICPA: FN Decision Making*

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-02 Explain the components of Rests model and how it influences ethical decision making.*

*Mintz - Chapter 02 #15*

*Topic: Rests Four-Component Model of Ethical Decision Making*



16. Yvonne is preparing a tax return for Jack. Jack wants to claim his nephew as a dependent even though he does not meet the criteria. Jack says if Yvonne does not list his nephew as a dependent, he will fire her and find a new tax accountant. Yvonne refuses because it is illegal to claim a dependent that does not meet the qualifications. Based on Yvonne's decision, she is likely reasoning at which stage of Kohlberg's moral development model?

- A. Stage 2
- B. Stage 3
- C. Stage 4
- D. Stage 5

*AACSB: Ethics*

*AICPA: BB Critical Thinking*

*AICPA: FN Decision Making*

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-01 Describe Kohlbergs stages of moral development.*

*Mintz - Chapter 02 #16*

*Topic: Kohlberg and the Cognitive Development Approach*

17. James Rest's model of ethical action involves four components inherent to the ethical decision-making process. Which of the following relates to a person's moral judgment?

- A. Interpreting a situation as a moral dilemma
- B. Willingness to place ethical values ahead of non-ethical values
- C. Intention to act ethically aligning to his values
- D. Outcome of one's prescriptive reasoning

*AACSB: Ethics*

*AICPA: BB Critical Thinking*

*AICPA: FN Decision Making*

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-02 Explain the components of Rests model and how it influences ethical decision making.*

*Mintz - Chapter 02 #17*

*Topic: Rests Four-Component Model of Ethical Decision Making*

18. Thorne's "Integrated Model of Ethical Decision Making" can best be described as:
- A. A depiction of a model of moral development
  - B. A depiction of how the Principles in the AICPA Code of Professional Conduct influences decision making
  - C. A model of the role of virtue in decision making
  - D. A model of the role of moral development and virtue in decision making

*AACSB: Ethics*

*AICPA: BB Critical Thinking*

*AICPA: FN Decision Making*

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-04 Explain how moral reasoning and virtue influence ethical decision making.*

*Mintz - Chapter 02 #18*

*Topic: Aligning Ethical Behavior and Ethical Intent: Virtue-Based Decision Making*

19. In Thorne's model of ethical decision making, the instrumental virtues relate to:
- A. Moral sensitivity
  - B. Ethical reasoning
  - C. Ethical motivation
  - D. Ethical character

*AACSB: Ethics*

*AICPA: BB Critical Thinking*

*AICPA: FN Decision Making*

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-04 Explain how moral reasoning and virtue influence ethical decision making.*

*Mintz - Chapter 02 #19*

*Topic: Aligning Ethical Behavior and Ethical Intent: Virtue-Based Decision Making*

20. A criticism of the Kohlberg model is that it:
- A. Suggests that people continue to change their decision priorities over time.
  - B. Considers development of moral reasoning necessary to be a moral person.
  - C. Makes deontological ethics superior to other ethical perspectives.
  - D. Considers all complexities of decision-making and behavior.

*AACSB: Ethics*

*AICPA: BB Critical Thinking*

*AICPA: FN Decision Making*

*Accessibility: Keyboard Navigation*

*Blooms: Analyze*

*Difficulty: 2 Medium*

*Learning Objective: 02-01 Describe Kohlberg's stages of moral development.*

*Mintz - Chapter 02 #20*

*Topic: Kohlberg's Stages of Moral Development*

21. How does Gilligan evaluate the solution to Heinz's dilemma?
- A. Women think saving a life is more important than keeping the law.
  - B. Men think keeping the law is more important than saving a life.
  - C. Men tend to think in terms of justice, and women in terms of caring.
  - D. Men misunderstand and women understand.

*AACSB: Ethics*

*AICPA: BB Critical Thinking*

*AICPA: FN Decision Making*

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: 2 Medium*

22. Thomas Jones's research looked at the characteristics of a moral issue to develop the moral intensity model. The model includes six dimensions. Which of the following are NOT included in those dimensions?
- A. Concentration and probability of effect
  - B. Social Consensus
  - C. Proximity and magnitude of consequences
  - D. Reasoning and values-based decision-making

AACSB: Ethics

AICPA: BB Critical Thinking

AICPA: FN Decision Making

Accessibility: Keyboard Navigation

Blooms: Apply

Difficulty: 2 Medium

Learning Objective: 02-03 Describe the link between moral intensity and ethical decision making.

Mintz - Chapter 02 #22

Topic: Moral Intensity

23. In Thomas Jones' model of moral intensity it can be said about accounting that:
- A. There is a link between the stage of moral development and ethical reasoning
  - B. The link between social consensus and ethical decision making exists because accounting is a community with shared values and beliefs
  - C. The link between probability of effect and ethical decision making exists because in accounting the rights of stakeholders are considered
  - D. There is a link between moral judgment and moral action

AACSB: Ethics

AICPA: BB Critical Thinking

24. The philosophical methods of moral reasoning suggest that once we have ascertained the facts, we should ask ourselves certain questions when trying to resolve a moral issue. Which of the following is NOT one of those questions?

- A. Which course of action maximizes my net benefits?
- B. Which course of action develops moral virtues?
- C. Which course of action advances the common good?
- D. What benefits and what harms will each course of action produce and which alternative will lead to the best overall consequences?

25. Which of the following is least likely to be a step or checkpoint in ethical decision-making guidelines?

- A. Recognize there is an ethical issue
- B. Determine the actor
- C. Test for wrong issues
- D. Look for a third way

*AACSB: Ethics*

*AICPA: BB Critical Thinking*

*AICPA: FN Decision Making*

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-05 Apply the steps in the Integrated Ethical Decision-Making Model to a case study.*

*Mintz - Chapter 02 #25*

*Topic: Ethical Decision-Making Models*

26. What is an important part in making an ethical choice, according to Kidder?

- A. Knowledge
- B. Loyalty
- C. Courage
- D. Trustworthiness

*AACSB: Ethics*

*AICPA: BB Critical Thinking*

*AICPA: FN Decision Making*

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-05 Apply the steps in the Integrated Ethical Decision-Making Model to a case study.*

*Mintz - Chapter 02 #26*

*Topic: Ethical Decision-Making Models*

27. In his evaluation of Kidder's model, Johnson points out that:

- A. It is not easy to determine who has responsibility for solving a problem
- B. A time constraint prevents making timely decisions
- C. Decisions lead to action
- D. We cannot apply lessons learned in one dilemma to future problems

*AACSB: Ethics*

*AICPA: BB Critical Thinking*

*AICPA: FN Decision Making*

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-05 Apply the steps in the Integrated Ethical Decision-Making Model to a case study.*

*Mintz - Chapter 02 #27*

*Topic: Ethical Decision-Making Models*

28. Which of the following connect the integrated ethical decision-making process with Rest's framework?

- A. Identify the ethical and professional issues and ethical behavior
- B. Identify and evaluate alternate courses of actions and ethical sensitivity
- C. Reflect on the moral intensity and virtues that enable action and ethical intent
- D. Take action and ethical judgment

*AACSB: Ethics*

*AICPA: BB Critical Thinking*

*AICPA: FN Decision Making*

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-05 Apply the steps in the Integrated Ethical Decision-Making Model to a case study.*

*Mintz - Chapter 02 #28*

*Topic: Ethical Decision-Making Models*

29. Wanda is faced with an ethical dilemma. She knows her supervisor, the CFO, wants to accelerate the recoding of revenue to an earlier period to "make the numbers," but Wanda is convinced this would violate GAAP. If Wanda reasons at stage 4 of Kohlberg's model she is most likely to:

- A. Make a decision based on what is in her own best interests
- B. Consider the interests of the stakeholders but decide based on what is in her best interests
- C. Refuse to record the transaction as desired by the CFO
- D. Inform the board of directors of the difference of opinion with the CFO

*AACSB: Ethics*

*AICPA: BB Critical Thinking*

*AICPA: FN Decision Making*

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-01 Describe Kohlbergs stages of moral development.*

*Mintz - Chapter 02 #29*

*Topic: Kohlberg and the Cognitive Development Approach*



30. Keesha is the CEO of a publicly-owned company. She was informed by the CFO that the company's earnings were down 30 percent from the prior year due to the recession. The company's stock price has declined by 20 percent. The CFO comes up with a scheme to hide debt and inflate revenues by selling underperforming assets to a special purpose entity affiliated with the company. Keesha is concerned about possible effects on the creditors but ultimately she agrees to the accounting. Keesha is reasoning at:

A. Stage 1

B. Stage 2

C. Stage 3

D. Stage 4

*AACSB: Ethics*

*AICPA: BB Critical Thinking*

*AICPA: FN Decision Making*

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-01 Describe Kohlbergs stages of moral development.*

*Mintz - Chapter 02 #30*

*Topic: Kohlberg and the Cognitive Development Approach*

31. Rosie is the external auditor of Texas Two Steps, a privately-owned dance company in Texas. Rosie believes the owner of the company is skimming cash off the top. She approaches the owner who explains that the money will be replaced in the following month after he refinances his house. Rosie accepts the owner's explanation but reclassifies the expenditure as a receivable of the company from the owner. Rosie's reasoning best reflects:

A. Stage 1

B. Stage 2

C. Stage 3

D. Stage 4

*AACSB: Ethics*

*AICPA: BB Critical Thinking*

*AICPA: FN Decision Making*

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-01 Describe Kohlbergs stages of moral development.*

*Mintz - Chapter 02 #31*

*Topic: Kohlberg and the Cognitive Development Approach*

32. Steve is in charge of accounting for the purchase of equipment at Cal Works, Inc. The company has a policy that all expenditures greater than \$1,000 (1% of total expenditures) have to be capitalized; less than \$1,000 expensed. Steve is under pressure to report high earnings. He takes one \$600 and \$900 expenditure, adds them together, and records a capital expenditure for \$1,500. Which of the following reasons and rationalizations might Steve use for his action:

- A. One-time request
- B. Standard Practice
- C. Representational faithfulness
- D. Materiality

*AACSB: Ethics*

*AICPA: BB Critical Thinking*

*AICPA: FN Decision Making*

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-05 Apply the steps in the Integrated Ethical Decision-Making Model to a case study.*

*Mintz - Chapter 02 #32*

*Topic: Ethical Decision-Making Models*

33. Role expectation or approval from others is a motive for doing right in which stage of Kohlberg's moral reasoning?

- A. Fairness to others
- B. Obedience
- C. Social contract
- D. Law and order

*AACSB: Ethics*

*AICPA: BB Critical Thinking*

*AICPA: FN Decision Making*

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-01 Describe Kohlbergs stages of moral development.*

*Mintz - Chapter 02 #33*

*Topic: Kohlberg and the Cognitive Development Approach*

34. Carpendale suggests that moral reasoning is viewed as a process of coordinating all perspectives involved in a moral dilemma. Moral reasoning takes place in which of the following steps in Rest's Model?

- A. Moral sensitivity
- B. Moral development
- C. Moral judgment
- D. Moral character

*AACSB: Ethics*

*AICPA: BB Critical Thinking*

*AICPA: FN Decision Making*

*Accessibility: Keyboard Navigation*

*Blooms: Understand*

*Difficulty: 1 Easy*

*Learning Objective: 02-02 Explain the components of Rests model and how it influences ethical decision making.*

*Mintz - Chapter 02 #34*

*Topic: Rests Four-Component Model of Ethical Decision Making*

35. What should be the first step in decision making when faced with an ethical dilemma?

- A. Choose an ethical theory to follow
- B. Discuss with others your options
- C. Get the facts surrounding the problem
- D. Determine consequences

*AACSB: Ethics*

*AICPA: BB Critical Thinking*

*AICPA: FN Decision Making*

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-05 Apply the steps in the Integrated Ethical Decision-Making Model to a case study.*

*Mintz - Chapter 02 #35*

*Topic: Ethical Decision-Making Models*

36. Daniel Kahneman's System 1 thinking is described by all of the following except for:

A. Automatic

B. Emotional

C. Intuitive

D. Reflective

*AACSB: Ethics*

*AICPA: BB Critical Thinking*

*AICPA: FN Decision Making*

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-06 Analyze the thought process involved in making decisions and taking ethical action.*

*Mintz - Chapter 02 #36*

*Topic: Behavioral Ethics*

37. Which of the following statements best describes System 2 thinking?

- A. System 2 operates automatically and quickly, with little or no effort and no sense of voluntary control
- B. System 2 allocates attention to the effortful mental activities that demand it, including complex computations**
- C. An example System 2 thinking is detecting that one object is more distant than another
- D. An example of System 2 thinking is effortlessly originating impressions and feelings about an event

*AACSB: Ethics*

*AICPA: BB Critical Thinking*

*AICPA: FN Decision Making*

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-06 Analyze the thought process involved in making decisions and taking ethical action.*

*Mintz - Chapter 02 #37*

*Topic: Behavioral Ethics*

38. Cognitive dissonance creates a problem that can be described as:

- A. Inconsistency between thoughts and beliefs and our intended actions**
- B. Consistency between thoughts and beliefs and our intended actions
- C. Reducing the importance of the beliefs and attitudes on our actions
- D. Acquiring new information that outweighs the dissonant beliefs

*AACSB: Ethics*

*AICPA: BB Critical Thinking*

*AICPA: FN Decision Making*

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-06 Analyze the thought process involved in making decisions and taking ethical action.*

39. An example from the book of someone who may have experienced cognitive dissonance is:

- A. Joe Paterno
- B. Cynthia Cooper
- C. Betty Vinson
- D. Richard Scrushy

*AACSB: Ethics*

*AICPA: BB Critical Thinking*

*AICPA: FN Decision Making*

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-06 Analyze the thought process involved in making decisions and taking ethical action.*

*Mintz - Chapter 02 #39*

*Topic: Behavioral Ethics*

40. Which of the following characteristics is NOT part of the behavioral approach, Giving Voice to Values?

- A. Used post-decision-making
- B. Capacity to express one's values
- C. Employs traditional philosophical reasoning
- D. Counteracts reasons and rationalizations

*AACSB: Ethics*

*AICPA: BB Critical Thinking*

*AICPA: FN Decision Making*

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-07 Describe the "Giving Voice to Values" technique and apply it to a case study.*

41. In using the GVV framework, questions to pose for dealing with the opposing points of view include all of the following except:

- A. What is the way to appeal all parties?
- B. What is at stake for the key parties?
- C. What is your most powerful and persuasive response you need to address?
- D. What levers can you to influence others?

*AACSB: Ethics*

*AICPA: BB Critical Thinking*

*AICPA: FN Decision Making*

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-07 Describe the "Giving Voice to Values" technique and apply it to a case study.*

*Mintz - Chapter 02 #41*

*Topic: Giving Voice to Values*

42. In the Doing Good by Being Good case discussed in the chapter, Becca needs to counter Matt's reasons and rationalizations for which of the following actions?

- A. Using donated funds to the Accounting Club for personal purposes.
- B. Taking money from the Accounting Club's operating account without approval.
- C. Taking money from the Accounting Club's petty cash fund without approval.
- D. Using donated funds to the Accounting Club to help victims of a hurricane.

*AACSB: Ethics*

*AICPA: BB Critical Thinking*

*AICPA: FN Decision Making*

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: 2 Medium*



43. Which of the following is NOT one of the levers Larry Davis might use to convince Paul Jones about the rightness of his point of view in the Ace Manufacturing case discussed in the chapter?
- A. Davis can ask Paul Jones for supporting documentation to back up the coding of expenses to different accounts
  - B. Davis can try to convince Paul that his actions are harmful to the company and potentially very embarrassing for his dad
  - C. Davis can threaten to go to all the owners if Paul doesn't admit the mistake and take corrective action
  - D. Davis can threaten to go to the SEC to protect shareholder interests if Paul agrees to pay back the amounts taken out of the company and correct the accounting

*AACSB: Ethics*

*AICPA: BB Critical Thinking*

*AICPA: FN Decision Making*

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-05 Apply the steps in the Integrated Ethical Decision-Making Model to a case study.*

*Mintz - Chapter 02 #43*

*Topic: Ethical Decision-Making Models*

44. Assume your values conflict with what you are being asked to do. Under the Giving Voice to Values methodology which of the following statements reflects the thought process you might have in developing a game plan to voice your values?

- A. Use philosophical ethical theories to reason through alternative courses of action
- B. Use the ethical decision making model to evaluate the ethics of the situation
- C. Reflect on the objections that might be raised to your intended expressed views
- D. Use Systems 2 thinking to decide on a course of action

*AACSB: Ethics*

*AICPA: BB Critical Thinking*

*AICPA: FN Decision Making*

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-07 Describe the "Giving Voice to Values" technique and apply it to a case study.*

*Mintz - Chapter 02 #44*

*Topic: Giving Voice to Values*

45. Gabby has just left a meeting with the partner in charge of an audit engagement and was told to ignore the typical year-end accrual entries because earnings are below financial analysts' earnings expectations. Gabby knows this is wrong and wants to act on her values but she does not want to lose her job. What is the best thing for Gabby to do in this situation if she chooses to voice her values?

- A. Quit the firm
- B. Speak with the managing partner of the firm
- C. Inform the SEC of the difference
- D. All of the above

*AACSB: Ethics*

*AICPA: BB Critical Thinking*

*AICPA: FN Decision Making*

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-07 Describe the "Giving Voice to Values" technique and apply it to a case study.*

*Mintz - Chapter 02 #45*

*Topic: Giving Voice to Values*

46. The ethical conflict in A Team Player can be described as:
- A. There is no conflict; Barbara and Diane both identify the deficiency.
  - B. The conflict is between Diane and the rest of the audit team on whether there is a deficiency.
  - C. The conflict is between Barbara and Haley, and the rest of the team as to whether or not to take the deficiency to Jessica, the audit senior.
  - D. The conflict is between Barbara and the rest of the team as to whether or not to take the deficiency to Jessica, the audit senior.

*AACSB: Ethics*

*AICPA: BB Critical Thinking*

*AICPA: FN Decision Making*

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-01 Describe Kohlbergs stages of moral development.*

*Mintz - Chapter 02 #46*

*Topic: Kohlberg and the Cognitive Development Approach*

47. The ethical conflict Alex is facing in the FDA Liability Concerns can be best characterized as:
- A. Alex and Michael can't convince Gregory of the extent of the problem caused by the listeria identified by the FDA.
  - B.** Alex wants to do the right thing by consumers of his salad oil products but Michael objects based on his cost benefit analysis.
  - C. Alex and Michael want to make the plant seem as profitable as possible so the firm can do an IPO and cash out their shares but Gregory wants to inform the FDA of the extent of the listeria problem.
  - D. Gregory and Michael are using cost-benefit analysis to pay fines and do the minimum for the FDA while Alex wants to comply fully.

*AACSB: Ethics*

*AICPA: BB Critical Thinking*

*AICPA: FN Decision Making*

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-07 Describe the "Giving Voice to Values" technique and apply it to a case study.*

*Mintz - Chapter 02 #47*

*Topic: Giving Voice to Values*

48. The ethical dilemma for Brenda in "The Tax Return" case can best be described as a:
- A.** Conflict between loyalty to one's supervisor and doing the right thing
  - B. Conflict between reporting an item of taxable income and ignoring it
  - C. Lack of independence due to ties to the client entity
  - D. Lack of due care in not spotting improper tax accounting

*AACSB: Ethics*

*AICPA: BB Critical Thinking*

*AICPA: FN Decision Making*

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-07 Describe the "Giving Voice to Values" technique and apply it to a case study.*

*Mintz - Chapter 02 #48*

*Topic: Giving Voice to Values*

49. What ethical action should Daniel take in A Faulty Budget?
- A. Work with Pete to correct the budget so Cwervo, Pete's boss, does not find out.
  - B. Work with Pete to keep quiet about the mistake in the budget so the new hires will not be laid off.
  - C. Tell Cwervo about the mistake in the budget but only half of the actual mistake so that employees will not be laid off.
  - D. Tell Cwervo about the mistake in the budget so the company can make corrections as soon as possible.

*AACSB: Ethics*

*AICPA: BB Critical Thinking*

*AICPA: FN Decision Making*

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-07 Describe the "Giving Voice to Values" technique and apply it to a case study.*

*Mintz - Chapter 02 #49*

*Topic: Giving Voice to Values*

50. In the Gateway Hospital case, Kristen's best argument to counter the reasons and rationalizations Troy might give for requesting an extra days' reimbursement is?

- A. Her loyalty is to the hospital and not Troy.
- B. Her ethical obligation is ensuring that employees do not get reimbursed for unsubstantiated expenditures.
- C. Troy did not stay the extra day for which he is requesting reimbursement.
- D. All of the above.

*AACSB: Ethics*

*AICPA: BB Critical Thinking*

*AICPA: FN Decision Making*

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-07 Describe the "Giving Voice to Values" technique and apply it to a case study.*

*Mintz - Chapter 02 #50*

*Topic: Giving Voice to Values*

51. In the LinkedIn and Shut Out case, Kenny:

- A. Thinks he has been scammed and takes full responsibility for the loss.
- B. Does not see the benefit to using LinkedIn and other social media.
- C. Thinks that LinkedIn is responsible to screen all users of the site to ensure integrity.
- D. Does not properly use social media and LinkedIn for business for his sports memorabilia business.

*AACSB: Ethics*

*AICPA: BB Critical Thinking*

*AICPA: FN Decision Making*

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-01 Describe Kohlbergs stages of moral development.*

52. The "Milton Manufacturing" case illustrates:
- A. What can go wrong when a company sets a policy that potentially harms one area of its operations.
  - B. How the failure to exercise professional skepticism can cloud objective judgment.
  - C. The pressure that can be placed on accountants by top management.
  - D. What can go wrong when fraudulent accounting is dictated by top management.

*AACSB: Ethics*

*AICPA: BB Critical Thinking*

*AICPA: FN Decision Making*

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-05 Apply the steps in the Integrated Ethical Decision-Making Model to a case study.*

*Mintz - Chapter 02 #52*

*Topic: Ethical Decision-Making Models*

53. The ethical dilemma for Ricardo in the Juggyfoot case can best be described as:
- A. Whether to go along with Fred and Ethel's accounting for the loss in value on marketable securities.
  - B. Whether to let his failure to object to inappropriate accounting in the prior year influence whether he goes along with inappropriate accounting in the current year.
  - C. Whether to quit the firm because of the pressure placed on him by his boss to go along with inappropriate accounting.
  - D. Whether to blow the whistle on the inappropriate accounting sanctioned by the firm.

*AACSB: Ethics*

*AICPA: BB Critical Thinking*

*AICPA: FN Decision Making*

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-03 Describe the link between moral intensity and ethical decision making.*

*Mintz - Chapter 02 #53*

*Topic: Moral Intensity*

54. In the Phar-Mor case, Cherelein's ethical dilemma can best be described as:
- A. Standing up to Pat Finn who wanted to cover up the Phar-Mor fraud until exclusivity payments coming in would cover that amount.
  - B. Going to David Shapira to discuss Mickey Monus's fraudulent actions.
  - C. Evaluating the levers he can use to counteract the reasons and rationalizations Monus might provide to defend his actions.
  - D. Whether to inform the external auditors of the fraud at Phar-Mor.

*AACSB: Ethics*

*AICPA: BB Critical Thinking*

*AICPA: FN Decision Making*

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-03 Describe the link between moral intensity and ethical decision making.*

*Mintz - Chapter 02 #54*

*Topic: Moral Intensity*

55. Cynthia Cooper's actions in the WorldCom case can be best characterized as demonstrating:
- A. Courage and expediency
  - B. Persistence and courage
  - C. Courage and loyalty
  - D. Persistence and loyalty

*AACSB: Ethics*

*AICPA: BB Critical Thinking*



56. At which stage of moral development are most accountants and auditors with respect to their decision making? What factors are responsible for their being at that stage? Given the stage of moral development you think you are at, how does this relate to the stage of moral reasoning of most accountants and auditors? What conflicts might exist for you in the workplace?

Kohlberg's theory of ethical development provides a framework that can be used to consider the effects of conflict areas on ethical reasoning in accounting. For example, if an individual accountant is influenced by the firm's desire to "make the client happy," then the result may be reasoning at Stage 3. The results of published studies during the 1990s by accounting researchers indicate that CPAs reason primarily at Stages 3 and 4. One possible implication of these results is that a larger percentage of CPAs may be overly influenced by their relationship with peers, superiors, and clients (Stage 3) or by rules (Stage 4). A CPA who is unable to apply the technical accounting standards and rules of conduct critically when these requirements are unclear is likely to be influenced by others in the decision-making process. If an auditor reasons at the post conventional level, then that person may refuse to give in to the pressure applied by the supervisor to overlook the client's failure to follow GAAP.

Students should pick a stage and give examples of why they are at that stage and try to link it to being an accounting professional.

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-01 Describe Kohlbergs stages of moral development.*

*Mintz - Chapter 02 #56*

*Topic: Kohlberg and the Cognitive Development Approach*

57. How does Kidder's structure for decision-making relate to the Integrated Model presented in the chapter?

Kidder's approach to ethical decision making begins with defining the issue, gathering facts, considering right-versus-wrong and right-versus-right issues, applying ethical standards, looking for alternatives, making a decision and acting, and reflecting. Making a decision and acting require courage. Reflecting on our decisions help to learn lessons from the process and can be applied to future problems and dilemmas. The approach from Kidder is employed in the integrated ethical decision making process.

Two interesting aspects of Kidder's approach are described below.

*Test for right-versus-wrong issues.* Kidder suggests using four determinations including a *legal test*. If lawbreaking is involved (i.e., fraudulent financial statements), then the problem becomes a legal matter, not a moral one. The *smell test* relies on intuition. If you have an uneasy feeling about the decision or course of action, chances are it involves right-versus-wrong issues. The *front-page test* asks how you would feel if your decision made it to the front page of the local newspaper. If you feel uncomfortable about it, then you should consider choosing another alternative. The *mom test* asks how you would feel if your mother or some other important role model became aware of your choice. If you have a queasy feeling, then it is best to reconsider your choice.

*Test for right-versus-right paradigms.* If an issue does not involve wrong behavior, then it likely pits two important positive values against each other. Kidder identified four such models: truth-telling versus loyalty to others and institutions; personal needs versus needs of the community; short-term benefits versus long-term negative consequences; and justice versus mercy. When an ethical dilemma pits two core values against each other, a determination should be made whether they are in conflict with one another in this situation.

## Extended Discussion

Kidder's Four Paradigms for Understanding Ethical Dilemmas:

1. Truth vs. Loyalty: Truth, for most people, is conformity with facts or reality. Loyalty involves allegiance to a person, corporation or body of people, a government, or set of ideas to which one owes fidelity. It is right to stand on truth. It is right to be loyal.

2. Individual vs. Community: Individualism assumes that in a society where each person vigorously pursues his own interests, the social good would automatically emerge. As such, the rights of the individual are to be preserved. By "community" it is meant that the needs of the majority outweigh the interests of the individual. Communities speak to us in a moral voice. They lay claims on their members. It is right to consider the individual. It is right to consider the community.

3. Short-Term vs. Long-Term: Short-term concerns are usually associated with the satisfaction of current needs in such a way as to preserve the possibility of a future. Long-term concerns are usually defined by the projection of future interests in such a way that there will be ample means to meet future required needs. It is right to think and plan short-term. It is right to think and plan long-term.

4. Justice vs. Mercy: Justice urges us to stick by our principles, hold to the rules despite the pressures of the moment, and pursue fairness without attention to personalities or situations. Mercy urges us to care for the peculiar needs so individuals case by case and to seek benevolence in every way possible. It is right to be merciful. It is right to enforce justice.

How is understanding the type of dilemma helpful?

-It helps us separate right from wrong;

-It helps us cut through mystery, complexity, and confusion;

-it helps us strip away extraneous detail and get to the heart of the matter.

Once the dilemma is identified it is often very helpful to understand how one thinks about ethical decisions.

### **Ways of Thinking:**

Kidder draws from the field of Moral Philosophy to describe different ways of thinking about ethical decision making. He describes three:

1. Ends Based: Known to philosophers as "utilitarianism", this principle is best known by the maxim "Do whatever produces the greatest good for the greatest number".

2. Rules Based: This principle is best known as the "categorical imperative". Rules exist for a purpose, they promote order and justice and should be followed. Follow the principle that you want others to follow. "Stick to your principles and let the chips fall where they may".

3. Care Based: Putting love for others first. It is most associated with the Golden Rule: "Do unto others as you would have them do unto you".

Once it is determined that the problem is not a right vs. wrong, that indeed an ethical dilemma exists. One examines how one is thinking about the situation and begins to try and resolve the dilemma.

(Source: [faculty.mercer.edu/.../Introduction%20to%20Ethical%20Decision%20M...](http://faculty.mercer.edu/.../Introduction%20to%20Ethical%20Decision%20M...))

*AACSB: Ethics*

*AICPA: BB Critical Thinking*

*AICPA: FN Decision Making*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-05 Apply the steps in the Integrated Ethical Decision-Making Model to a case study.*

*Mintz - Chapter 02 #57*

*Topic: Ethical Decision-Making Models*

58. Explain how virtue interacts with moral development in Thorne's Integrated Model of Ethical Decision-making.

One question that arises from Rest's model is how to align ethical behavior with ethical intent. The answer is through the exercise of virtue, according to a study conducted by Libby and Thorne. Professional judgment requires not only technical competence, but also depends on auditors' ethics and virtues. The authors concluded from their study that virtue plays an integral role in both the intention to exercise professional judgment and the exercise of professional judgment, and the necessity of possessing both intellectual and instrumental virtues for auditors.

Thorne develops a model of individuals' ethical decision processes that integrates Rest's components with the basic tenets of virtue ethics theory. Her model relies on virtue-based characteristics, which tend to increase the decision maker's propensity to exercise sound ethical judgment. Thorne believes that virtue theory is similar to the approach advocated by the cognitive-developmental perspective in three ways. First, both perspectives suggest that ethical action is the result of a rational decision-making process. Second, both perspectives are concerned with an individual's ethical decision-making process. Third, both perspectives acknowledge the critical role of cognition in individuals' ethical decision making.

*AACSB: Ethics*

*AICPA: BB Critical Thinking*

*AICPA: FN Decision Making*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-04 Explain how moral reasoning and virtue influence ethical decision making.*

*Mintz - Chapter 02 #58*

*Topic: Aligning Ethical Behavior and Ethical Intent: Virtue-Based Decision Making*

59. Assume your supervisor has reduced the number of hours you charged to the client because it was over budget. You will not be paid for those hours. What would you do and why? Use ethical reasoning.

The supervisor changing your time after you worked it is a form of stealing. This question requires students to explore the pressure to cheat or lie. This is good way to discuss the slippery slope of ethical situations. It also deals with how the culture of a firm (i.e., eat time) should affect one's actions when trying to act ethically.

#### Ethical Issues

*Rights Perspective:* Working without being paid is setting one up for burn-out, if not a health safety threat. Employees have the right to receive a competitive wage. One should consider the short and long run consequences. In the short run, one does not hurt anyone but himself and his family if he doubles up on work and sacrifices family responsibilities. In the long run the client gets a cheaper audit and a worse audit as one will start cutting corners since one might not be paid after the fact. Going along with the supervisor starts one lying and the slippery slope of being secretive, deceitful, and telling more lies.

*Six Pillars* values include trustworthiness, responsibility, fairness, caring and citizenship.

Students should acknowledge their responsibilities not only to themselves but other staff who might get caught up in similar sacrifices. This matter needs to be brought up at the highest levels of the organization. It is dishonest, uncaring, and may establish a culture of deceit. Maybe the time budgets are too tight to support a lower bid for audit services. Does the company do this with other clients? On other audits? Am I setting myself up to fail...eventually?

*AICPA: FN Decision Making*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-03 Describe the link between moral intensity and ethical decision making.*

*Mintz - Chapter 02 #59*

*Topic: Moral Intensity*



60. Describe the Giving Voice to Values framework. What are the reasons and rationalizations frequently given in financial statement fraud situations?

"Giving Voice to Values (GVV)" is a behavioral ethics approach that shifts the focus away from traditional philosophical reasoning to an emphasis on developing the capacity to effectively express one's values in a way that positively influences others by finding the levers to effectively voice and enact one's values. The methodology asks the protagonist to think about the arguments others might make that create barriers to expressing one's values in the workplace and how best to counteract these "reasons and rationalizations." GVV is used post-decision-making, that is, you have already decided what to do. It can be used to ward off the necessity for whistle-blowing if by voicing values others can be convinced about the wrongness of their intended behavior/decisions.

GVV provides a framework to deal with the opposing points of view based on the following series of questions.

- What are the main arguments you are trying to counter? That is, what are the reasons and rationalizations you need to address?
- What is at stake for the key parties, including those who disagree with you?
- What levers can you use to influence those who disagree with you?
- What is your most powerful and persuasive response to the reasons and rationalizations you need to address? To whom should the argument be made? When and in what context?

The most frequent categories of argument or rationalization that we face when we speak out against unethical practice. Some of the most common arguments include:

- Expected or Standard Practice: "Everyone does this, so it's really standard practice. It's even expected."
- Materiality: "The impact of this action is not material. It doesn't really hurt anyone."

- Locus of Responsibility: "This is not my responsibility; I'm just following orders here."
- Locus of Loyalty: "I know this isn't quite fair to the customer but I don't want to hurt my reports/team/boss/company."
- Isolated Incident: "This is a one-time request; you won't be asked to do it again."

A good example in accounting is the WorldCom fraud. Betty Vinson was convinced it was a one-time request. She felt the need to be loyal and a team player. She believed Scott Sullivan knew what was the correct accounting because of his higher position, and rationalized she did not develop the questionable accounting. She was just following orders.

On the other hand, Cynthia Cooper was the hero in the WorldCom fraud ordering her internal audit staff to do an exhaustive investigation into the recording of "prepaid capacity" costs, which were payments for telecommunications access on other providers' networks that should have been expensed as incurred each year but, instead, were capitalized to show a higher level of earnings. Cooper knew it was her responsibility as the vice president of internal audit to make sure the improper accounting was corrected. She knew it was material in amount and wasn't (or shouldn't have been) standard practice. She did not fall for the "locus of loyalty" argument of Scott Sullivan, the CFO.

*AACSB: Ethics*

*AICPA: BB Critical Thinking*

*AICPA: FN Decision Making*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-07 Describe the "Giving Voice to Values" technique and apply it to a case study.*

*Mintz - Chapter 02 #60*

*Topic: Giving Voice to Values*

61. As an executive in a mid-sized manufacturing firm, Cal finds himself thrown together with Harry, who works for a division of the firm that Cal supervises. He and Harry are in the same community; their children are in the same schools; they often show up at the same social functions; and they play golf together fairly frequently.

One day, to Cal's deep dismay, he hears that Harry has been implicated in some financial irregularities at work. The issues while serious leave some room for doubt. There is reason to think Harry got ensnared by regulations, though he may have afterwards tried to cover up that entanglement by being less than forthright. Yet after what Cal observes to be a careful audit and investigation, Harry is let go from his job.

Harry comes to Cal and asks for a letter of recommendation.

What should Cal do? What are the consequences of the options?

Cal is facing a dilemma of being loyal to Harry or being forthright and honest about the situation. From a deontology approach, Cal must be truthful in any letter. From Act Utilitarianism the "best" end result may be to help Harry find another job and disguise the truth. Rule Utilitarianism would hold that it is not right to lie, as would Rights Theory. The universal perspective asks Cal to consider how he would feel if another employer wrote a dishonest letter to Cal and he hired Harry as a result. From a virtue approach, Cal will need to put himself in the position of the new employer hiring Harry and what he would want to know about Harry. All of these could be related to Kohlberg's stages of moral development also.

The consequences of these options is that Harry could obtain a job based upon Cal's recommendation. If Harry again is again found implicated in financial irregularities and if the new job found out that Cal knew, Cal's reputation will be harmed. This is a situation where empathy helps in that Cal should put himself in the position of a prospective employer of Harry. Still, it is oftentimes difficult to say something negative about an associate or friend.

Some in Cal's position might inform a prospective employer that Harry was let go because of differences and leave it at that. It is kind of a half-truth that sometimes dictates the action out of loyalty to another or stage 3 reasoning rather than to view one's responsibilities to society (another firm), which requires stage 4 thinking or above.

*AACSB: Ethics*

*AICPA: BB Critical Thinking*

*AICPA: FN Decision Making*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-01 Describe Kohlbergs stages of moral development.*

*Mintz - Chapter 02 #61*

*Topic: Kohlberg and the Cognitive Development Approach*

62. As a professional working for a large electronics firm, Stan found himself riding a roller coaster of concern about lay-offs. Every few years, top management slashed jobs as work slacked off - only to hire again when things were looking up. So when Stan and his team members noticed that the executives were again meeting behind closed doors, they suspected the worst.

Stan's boss revealed to Stan that Stan's team member Jim was slated to lose his job. However, it was made plain that Stan was to keep that information confidential.

Not long after that conversation, Jim approached Stan and asked whether he could confirm the rumor that he would be laid off.

Stan has decided to tell Jim but first wants to convince management of the rightness of his action. What might he say to who and why? What are the reasons and rationalizations he may have to counter in making his argument?

Stan should approach Stan's boss and explain that Jim has directly asked him if he will be laid off. Jim and other coworkers have noticed the many closed-door meetings and fear that another round of lay-offs is coming. Stan should explain how Jim and coworkers would appreciate honesty and transparency in knowing about the lay-offs. The affected workers could start looking for another job. Stan needs to be empathetic to Jim's position and the concerns of other workers who have a right to know if their jobs are in jeopardy. Jim and the other workers trust Stan as the team leader to look out for their best interests in return for loyalty to the team and diligent work.

Stan's boss is likely to use the reasons and rationalizations of "this is standard practice;" and "this is not my responsibility; I'm just following orders." Stan should try reasoning that his boss would want to know if he himself were being laid off. This would follow the Golden Rule, deontology, enlightened egoism, and virtues. Stan should ask his boss about who has the

responsibility in making the layoff decisions; he would like to talk to that person.

If Stan acts in these ways he will gain the trust of other employees and even management who, in the long run, may see Stan's loyalty as a plus for the firm.

*AACSB: Ethics*

*AICPA: BB Critical Thinking*

*AICPA: FN Decision Making*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-05 Apply the steps in the Integrated Ethical Decision-Making Model to a case study.*

*Mintz - Chapter 02 #62*

*Topic: Ethical Decision-Making Models*

63. Taken from Case 1-2 Giles and Regas.

Ed Giles and Susan Regas have never been happier than during the past four months since they have been seeing each other. Giles is a 35-year-old CPA and a partner in the medium-sized accounting firm of Saduga & Mihca. Regas is a 25-year-old senior accountant in the same firm. Although it is acceptable for peers to date, the firm does not permit two members of different ranks within the firm to do so. A partner should not date a senior in the firm any more than a senior should date a junior staff accountant. If such dating eventually leads to marriage, then one of the two must resign because of the conflicts of interest. Both Giles and Regas know the firm's policy on dating, and they have tried to be discreet about their relationship because they don't want to raise any suspicions.

While most of the staff seem to know about Giles and Regas, it is not common knowledge among the partners that the two of them are dating. Perhaps that is why Regas was assigned to work on the audit of CAA Industries for a second year, even though Giles is the supervising partner on the engagement.

As the audit progresses, it becomes clear to the junior staff members that Giles and Regas are spending personal time together during the workday. On one occasion, they were observed leaving for lunch together. Regas did not return to the client's office until three hours later. On another occasion, Regas seemed distracted from her work, and later that day, she received a dozen roses from Giles. A friend of Regas's who knew about the relationship, Ruth Revilo, became concerned when she happened to see the flowers and a card that accompanied them. The card was signed, "Love, Poochie." Regas had once told Revilo that it was the nickname that Regas gave to Giles.

Revilo pulls Regas aside at the end of the day and says, "We have to talk."

"What is it?" Regas asks.

"I know the flowers are from Giles," Revilo says. "Are you crazy?"

"It's none of your business," Regas responds.

Revilo goes on to explain that others on the audit engagement team are aware of the relationship between the two. Revilo cautions Regas about jeopardizing her future with the firm by getting involved in a serious dating relationship with someone of a higher rank. Regas does not respond to this comment.

Regas promises to talk to Giles and thanks Revilo for her concern. That same day, Regas telephones Giles and tells him she wants to put aside her personal relationship with him until the CAA audit is complete in two weeks. She suggests that, at the end of the two-week period, they get together and thoroughly examine the possible implications of their continued relationship. Giles reluctantly agrees.

However, Giles appears at the CAA audit a few days later. He pulls Regas aside and states, "I do want to put our relationship on hold until after this audit."

"We cannot be talking about this now! The audit team or the client could hear."

"Then let's have dinner tonight to discuss it. I won't leave until you say yes."

"Okay."

As Regas is returning to the audit room, Revilo says, "The team is uncomfortable with you and Giles having personal conversations in front of them. You promised this would stop."

"I appreciate your concerns again. I am working on it! Please give me some time and space."

"You don't have much time. Some of the team are talking of going to HR or the managing partner about the situation."

**Required:**

Analyze the case using GVV.

- What are the main arguments Revilo (and the audit team) are trying to counter? What the



reasons and rationalizations Revilo needs to address?

- What is at stake for the key parties?
- What levers can Revilo use to influence Regas and Giles?
- What is the most powerful and persuasive response to the reasons and rationalizations

Revilo needs to address? To whom and when?

Giles, a partner, and Regas, a senior, are working on the CAA audit and dating for the last four months in spite of the firm's policy that two members of different ranks within the firm is not permitted. The audit team realizes that Regas and Giles are dating and are uncomfortable with the situation. Revilo lets Regas know that the team knows about the relationship, but Regas promises that she will take care of it and is not open to further discussion.

After the latest witnessing of Regas and Giles at the audit, Revilo and the team need to have a discussion with Regas or Giles. At present, the team is more comfortable approaching Regas since she is their senior. The team needs to express their discomfort about Giles and Regas dating while working on the CAA audit. Revilo or another brave team member should tell Regas how knowing about the relationship makes them complicit in having to keep a secret since the firm bans relations between employees at different ranks. They can explain that some of the discomfort is the fear of how their evaluations and jobs could be affected by the relationship.

Regas may explain that although the firm has a policy of no dating between ranks that many do so (standard practice rationalization). She could state that she has to work with Giles out of loyalty to wind the relationship down until after the audit (locus of loyalty). She might also state that the relationship was not intentional and just happened (form of an isolated incident). She might also state that the relationship is special because she loves Giles and he loves her.

Regas and Giles have their jobs, evaluations, and future raises at stake. Their reputations for integrity and professionalism are also at stake. The team has a tense working condition with

Regas and Giles dating. The team members are fearful of what will happen if they keep quiet, or if they speak up about the relationship. The accounting firm has its reputation at stake to provide an audit with integrity and due professional care. The client and the public has an independent audit at stake. That is, if the client or the public finds out about the relationship of Giles and Regas it could taint whether the audit was independent, done with integrity and due professional care.

Revilo and the team should use the lever of Regas should not jeopardize her reputation as a CPA by breaking the policy as it calls into question whether Regas and Giles are breaking other rules and policies. Have they been cutting corners in performing the audit because their attention has been diverted by the dating relationship? Other levers might be that the team might go to HR, or maybe one of the mentors assigned to the team members. The team members might explain that Regas seems to be acting out of self-interest or egoism. They should encourage Regas to act out of virtues, deontology, and utilitarianism and CPA principles of integrity and due professional care.

Revilo and the team should confront Regas at the end of the work day to express their concerns on Regas's relationship with Giles. It is possible that the students will consider the threat to go to HR as the most powerful and persuasive argument? The team or Revilo could approach HR and simply state they are concerned that Regas' attention has been diverted and they hope she is all right.

*AACSB: Ethics*

*AICPA: BB Critical Thinking*

*AICPA: FN Decision Making*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-07 Describe the "Giving Voice to Values" technique and apply it to a case study.*

*Mintz - Chapter 02 #63*

*Topic: Giving Voice to Values*

64. Taken from Case 1-7 Eating Time.

Kevin Lowe is depressed. He has been with the CPA firm Stooges LLP for only three months. Yet the partners in charge of the firm—Bo Chambers and his brother, Moe—have asked for a "sit-down." Here's how it goes:

"Kevin, we asked to see you because your time reports indicate that it takes you 50 percent longer to complete audit work than your predecessor," Moe said.

"Well, I am new and still learning on the job," replied Lowe.

"That's true," Bo responded, "but you have to appreciate that we have fixed budgets for these audits. Every hour over the budgeted time costs us money. While we can handle it in the short run, we will have to bill the clients whose audit you work on a larger fee in the future. We don't want to lose clients as a result."

"Are you asking me to cut down on the work I do?" Lowe asked.

"We would never compromise the quality of our audit work," Moe said. "We're trying to figure out why it takes you so much longer than other staff members."

At this point, Lowe started to perspire. He wiped his forehead, took a glass of water, and asked, "Would it be better if I took some of the work home at night and on weekends, completed it, but didn't charge the firm or the client for my time?"

Bo and Moe were surprised by Kevin's openness. On one hand, they valued that trait in their employees. On the other hand, they couldn't answer with a yes. Moe looked at Bo, and then turned to Kevin and said, "It's up to you to decide how to increase your productivity on audits. As you know, this is an important element of performance evaluation."

Kevin cringed. Was the handwriting on the wall in terms of his future with the firm?

"I understand what you're saying," Kevin said. "I will do better in the future—I promise."

"Good," responded Bo and Moe. "Let's meet 30 days from now and we'll discuss your progress on the matters we've discussed today and your future with the firm."

In an effort to deal with the problem, Kevin contacts Joyce, a friend and fellow employee, and asks if she has faced similar problems. Joyce answers "yes" and goes on to explain she handles it by "ghost-ticking." Kevin asks her to explain.

"Ghost-ticking is when we document audit procedures that have not been completed." Kevin, dumbfounded, wonders, what kind of a firm am I working for?

After much consideration Kevin asks for a meeting with Bo and Moe within week. Kevin does not want to take work home and off the clock. He wants the meeting to convince Bo and Moe that having auditors work off the clock and at home is not in the best interest of the firm and its mission to do independent audits with integrity, objectivity, and due professional care.

**Required:**

Analyze the case using GVV.

- What are the main arguments Kevin is trying to counter? What are the reasons and rationalizations Kevin needs to address?
- What is at stake for the key parties?
- What levers can Kevin can use to influence Bo and Moe?
- What is the most powerful and persuasive response to the reasons and rationalizations Kevin needs to address? To whom and when?

Kevin is trying to counter the arguments that staff working hours without charging the client or being paid for the time worked is good for the accounting firm, the client, and the staff. From a rights perspective, working a regular overtime without being paid or an overnigher is setting one up for burn-out, if not a health safety threat. Employees have the right to receive a

competitive wage. There are short- and long-run consequences of having staff work overtime without being paid. In the short run, Kevin does not hurt anyone but himself and his family if he doubles up on work and sacrifices family responsibilities. In the long run the client gets a cheaper audit and a worse audit if Kevin starts cutting corners; the partners get higher profit than if the staff was paid for actual hours worked. The long term effect to Kevin is that he learns secrecy, deceit, and lies. Using the Six Pillars of Character includes the values of trustworthiness, responsibility, fairness, caring and citizenship.

Bo and Moe will likely use the reasons and rationalizations of having staff work without being paid for overtime as the expected or standard practice in public accounting. It could be explained as an isolated incident by rationalizing that it is a one-time request for the current engagement only or, that it is not that much time being "eaten" (materiality) and only would occur during busy season (isolated incident). The locus of loyalty reason to service the client within budget might be given. The firm expects loyalty from their workers and to act in the best interests of the firm and its clients.

The key parties have much at stake. Bo and Moe and the firm have their reputations for high quality audits performed with due professional care. Kevin has his job and reputation as a team player at stake. The other staff members of the firm have the potential of being paid for overtime instead of being pressured to work overtime without being paid. The clients have the potential of higher cost audits in the future to pay all of the staff's hours worked, but should be assured that the audits will be performed with due diligence and professionalism. The accounting profession and public have the reputation of quality audits in the free market system at stake.

Kevin should use the principles of the accounting profession - independence, integrity, objectivity and due professional care - as levers to influence Bo and Moe. He should also use the ethical reasoning of virtues, deontology, rule utilitarianism, enlightened egoism to support his view. He should emphatically state the risk for the firm's and individual CPAs' reputation if corners are cut due to working overtime. Cut corners can lead to audit failures, if materials

errors and frauds are not discovered in the audit.

The most powerful and persuasive argument could be that Bo and Moe are wrong in their thinking. They are using the challenge of which staff are willing to work overtime without being paid to determine loyalty to the firm and which staff might be long term employees. Kevin can explain how the paying staff for all hours worked would build greater loyalty to the firm. Staff would see that the firm is committed to the profession, high quality audits, and to their staff. Loyalty builds loyalty. Caring and empathy are virtues that employees cherish in their bosses.

Although some students may feel this is going too far, Kevin might explain that staff training did not prepare him for the extreme pressures of working within a tight budget and client concerns when that doesn't occur. While not accusing the firm of any impropriety, Kevin might use the leverage that he will improve over time in both speed and efficiency as he gains more confidence on audits. He should show Bo and Moe that he is committed to the job and is hoping to build a long-term career with the firm. This may soften the blow of Kevin not simply rolling over and "eating time."

*AACSB: Ethics*

*AICPA: BB Critical Thinking*

*AICPA: FN Decision Making*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-07 Describe the "Giving Voice to Values" technique and apply it to a case study.*

*Mintz - Chapter 02 #64*

*Topic: Giving Voice to Values*

65. Taken from Case 1-9 Cleveland Custom Cabinets.

Cleveland Custom Cabinets is a specialty cabinet manufacturer for high-end homes in the Cleveland Heights and Shaker Heights areas. The company manufactures cabinets built to the specifications of homeowners and employs 125 custom cabinetmakers and installers. There are 30 administrative and sales staff members working for the company.

James Leroy owns Cleveland Custom Cabinets. His accounting manager is Marcus Sims, who reports to the director of finance, Alison Mayhew. Sims manages 15 accountants. The staff is responsible for keeping track of manufacturing costs by job and preparing internal and external financial reports. The internal reports are used by management for decision making. The external reports are used to support bank loan applications.

On April 10, 2016, Leroy came into Sims's office to pick up the quarterly report. He looked at it aghast. Leroy had planned to take the statements to the bank the next day and meet with the vice president to discuss a \$1 million working capital loan. He knew the bank would be reluctant to grant the loan based on a net income of \$90,000 on revenue of \$6,400,000. Without the money, Cleveland could have problems financing everyday operations.

Leroy called Mayhew to come to Sims's office. Leroy then asked for an explanation of how net income could have gone from 14.2 percent of sales for the year ended December 31, 2015, to 1.4 percent for March 31, 2016. Sims pointed out that the estimated overhead cost had doubled for 2016 compared to the actual cost for 2015. He explained to Leroy that rent had doubled and the cost of utilities skyrocketed. In addition, the custom-making machinery was wearing out more rapidly, so the company's repair and maintenance costs also doubled from 2015.

Leroy wouldn't accept Sims's explanation. Instead, he told Sims that the quarterly income had to be at least the same percentage of sales as at December 31, 2015. Mayhew agreed with Leroy and said there had to be a mistake and it would be corrected. Sims looked confused and reminded Leroy and Mayhew that the external auditors would wrap up their audit on April

30. Leroy told Sims not to worry about the auditors. He would take care of them. Furthermore, "as the sole owner of the company, there is no reason not to 'tweak' the numbers on a one-time basis. I own the board of directors, so no worries there." He went on to say, "Do it this one time and I won't ask you to do it again." He then reminded Sims of his obligation to remain loyal to the company and its interests. Sims started to soften and asked Leroy just how he expected the tweaking to happen. Leroy flinched, held up his hands, and said, "I'll leave the creative accounting to you and Mayhew."

**Required:**

Analyze the case using GVV.

- What are the main arguments Sims is trying to counter? What are the reasons and rationalizations Sims needs to address?
- What is at stake for the key parties?
- What levers can Sims use to influence Leroy and Mayhew?
- What is the most powerful and persuasive response to the reasons and rationalizations Sims needs to address? To whom and when?

Sims is trying to counter the arguments that having fraudulent quarterly financial statements to obtain a bank loan does not harm anyone and is okay to do as Leroy is the owner of the company. The stakeholders (employees, bank, other creditors, regulators, and shareholders) of the firm have a right to financial statements that follow GAAP and have adequate disclosures. From a deontology perspective, Marcus Sims should follow the rules of the profession; i.e., GAAP and no subordination of judgment. From a utilitarian perspective all the stakeholders should benefit, not just Leroy the owner. In adjusting the numbers in order to obtain a bank loan, the bank could be greatly harmed in order to benefit one stakeholder, Leroy. If Sims should give into Leroy, then it could be easier to subordinate judgment in the future and may give Leroy the means to blackmail subordination easily.



Leroy and Mayhew might use the reason and rationalization of materiality, although that clearly is not the case - the difference is material in amount. More likely they will tell Sims it is a one-time request (isolated incident) and being a team player is expected at the company (locus of loyalty).

From the facts of the case we can surmise that Leroy and Mayhew are looking at the short-term goal of obtaining a bank loan versus the long-term effect on reputation. The loan needed from the bank may be considered immaterial in amount but it is material to the continuation of the company's operations. Leroy has already stated that "Do it this one time and I won't ask you to do it again." However, a one-time request to alter the financial statements often turns into an on-going requirement.

The key parties have much at stake. Leroy, Mayhew and the firm have their reputations for quality manufacturing and corporation citizenship at stake. Sims has his job and reputation as an accountant at stake. Leroy has already mentioned to Sims that he expects loyalty and Sims to go along. Sims is facing going along with Leroy and being a fall guy when the fraud is uncovered, or losing his job and having a terrible recommendation from Leroy and Cleveland Custom Cabinets as he searches for a new job. The other employees of the firm have the potential of being laid off. The public, bank, creditors, and regulators have an expectation of receiving financial statements and disclosures in accordance with GAAP without fraud or deception. A financial fraud leads to loss of money by investors, creditors, and the public, as well as faith in the free market system.

The integrity of both officers and culture of the company leaves much to be desired. Sims should use the principles of integrity, fairness and trustworthiness as levers to influence Leroy and Mayhew. He should also use the ethical reasoning of virtues, deontology, rule utilitarianism, enlightened egoism to support his view.

Even though the case is silent whether Sims is a CPA, professional accountants typically hold themselves to high ethical standards such as those in the AICPA Code of Professional Conduct. Sims should explain this to Leroy.

The most powerful and persuasive argument could be that Sims would go to the audit committee and the external auditors to let them know about the altering of the financial statements. Even though Leroy has told Sims not to worry about how they might react, when push comes to shove Leroy might back down especially since it is unlikely to be true that Leroy could simply dismiss the external auditors because Leroy "would take care of them."

*AACSB: Ethics*

*AICPA: BB Critical Thinking*

*AICPA: FN Decision Making*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-07 Describe the "Giving Voice to Values" technique and apply it to a case study.*

*Mintz - Chapter 02 #65*

*Topic: Giving Voice to Values*

## 2 Summary

<u>Category</u>	<u># of Questions</u>
AACSB: Ethics	65
Accessibility: Keyboard Navigation	55
AICPA: BB Critical Thinking	65
AICPA: FN Decision Making	65
Blooms: Analyze	1
Blooms: Apply	63
Blooms: Understand	1
Difficulty: 1 Easy	3
Difficulty: 2 Medium	62
Learning Objective: 02-01 Describe Kohlbergs stages of moral development.	23
Learning Objective: 02-02 Explain the components of Rests model and how it influences ethical decision making.	5
Learning Objective: 02-03 Describe the link between moral intensity and ethical decision making.	5
Learning Objective: 02-04 Explain how moral reasoning and virtue influence ethical decision making.	3
Learning Objective: 02-05 Apply the steps in the Integrated Ethical Decision-Making Model to a case study.	11
Learning Objective: 02-06 Analyze the thought process involved in making decisions and taking ethical action.	4
Learning Objective: 02-07 Describe the "Giving Voice to Values" technique and apply it to a case study.	14
Mintz - Chapter 02	65
Topic: Aligning Ethical Behavior and Ethical Intent: Virtue-Based Decision Making	3
Topic: Behavioral Ethics	4
Topic: Ethical Decision-Making Models	11
Topic: Giving Voice to Values	14
Topic: Kohlberg and the Cognitive Development Approach	21
Topic: Kohlberg's Stages of Moral Development	2
Topic: Moral Intensity	5
Topic: Rests Four-Component Model of Ethical Decision Making	5