Effect of Unethical Behavior Article Analysis

Essay about unethical behavior in organizations

Situations for unethical behavior

Several acts of unethical behavior in organizations are driven by the need for money. As such, organizations hire accountants from outside agencies for the services of auditing financial information in their favor (Gould & Kaplan, 2008). Inside accountants may obtain a raise or bonus for the practice to continue successfully. However, such practices are backed by direct supervision or pressure that stems from the upper management of the organization. A threat of job loss is sufficient to make an individual to exceed limits. Hence, such employees have to engage in unethical conduct in order to preserve their job positions. The main driving force for engagement in the accounting malpractice in such a situation is the desire to follow the orders from the boss and help the organization to attain the desired survival.

“Opportunity makes the thief” is an applicable saying in the organizations among the crooked accountants (Gould and Kaplan, 2008). Individuals that would never engage in any malpractice often find themselves in such a situation when an opportunity presents itself. Since accounting involves handling large amounts of money, accountants succumb to such temptations in order to satisfy their financial needs. A disconnect of the individual with the normal world things outside a firm could lead to accounting irregularities. This is possible when one is exposed to accounting activities of a company, which seek to benefit it for its survival purposes. Such an individual loses a touch of normal things in the external world and develops this habit of accounting irregularities.

Ignorance is not a valid excuse for one to engage in illegal actions, but it plays a significant role in the committing of accounting crimes. The inexperienced accountants may break the law because of misunderstanding of the regulations and rules on tax. Such accountants become victims of accounting crimes because of ignorance of the existing laws and regulations in their profession. Furthermore, some accountants engage in this behavior in order to further their careers. Such individuals find it easier to commit the crime in order to obtain funds for furthering their education. Nevertheless, improper training of accountants and poor working environment may trigger individuals to engage in unethical behavior. Effective training of accountants needs to focus on ethical behavior, which will instill skills of delivery of quality accounting services. Failure to do this results in the emergence of individuals who are not concerned about ethics. When this is mixed with a working environment that is characterized of cynicism or diminished people, the situation becomes worse.

Effect of Sarbanes-Oxley Act of 2001

According to Beth (2010), the Act compels the officers and principal executive officers or individuals performing similar functions to sign the financial statements as an acknowledgement for effective reviewing of the report and there is no misleading or fraudulent information contained inside. The financial statement also have to represent material on all financial conditions aspects. Further, such documents have to be prepared annually and made available for the public viewing. The management team of the organizations is also tasked with the responsibility of ensuring quality internal control on the financial statements. Moreover, the Act provides penalties for offenses related to fabrication, alteration or destruction of evidence linked to fraud offenses (Beth, 2010).

Discussion question

What are the justifications for the unethical behavior in organizations

References

Beth, H. (2010). Eight years after the fact is SOX working? A look at the Brooke Corporation.

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