ASSIGNMENT OVERVIEW

Society questions the ethics of American (and foreign) businesses and business people every day. Look no further than the Wall Street Journal as it regularly includes news on a variety of insider-trading conspiracies and other questionable business practices. The UW MAcc programs and alumni feel strongly about the role ethics play in everyday decisions. Each year the new MAcc classes develop or reaffirm a Statement of Values and set adherence to it as one of their core values. We all acknowledge that the reputation of the MAcc programs, and all the MAcc programs students and alumni are hurt by lapses in ethical behavior by any one member.

DEVELOPMENT OF A CODE OF ETHICS FOR MACC PROGRAMS

The preceding MAcc classes have developed a Statement of Values for the MAcc programs that it believes all members should adhere to. They also believe the Statement of Values should (a) be viewed as a living document that can change over time and (b) applies to all members of the programs, including those that have graduated.

Students should be responsible for all aspects of the Statement of Values for the MAcc programs. This includes (a) updating the Statement of Values, where and when needed, (b) ensuring that all MAcc program participants are aware of the Statement of Values, and (c) where necessary, dealing with ethical violations of the Statement of Values and recommending actions to be taken by the faculty should disciplinary procedures deemed to be warranted.

An Ethics Committee will be formed from your class in the fall. The committee will be divided into four subcommittees: Promotions, Speakers, Mentoring, and Code Revision/Whistle Blowing. We may explore additional subcommittees or programs in response to future adoption of a student based ethics board for the entire UW Business School Undergraduate program.

As preparation for the fall ethics program, we have put together a reading assignment that is designed to stimulate your thought processes about ethical behavior, the role of ethics failures in the decline of both businesses and public accounting firms, and each of our roles in maintaining ethical standards that are in both your best interests as well as the best interests of the MAcc programs.

MARK DATES ON YOUR CALENDAR

Written Assignment: The written assignment outlined below is due in the accounting department office on Monday, August 24, 2015 by 10:00 a.m. It should be submitted via email to: kfuhrmann@bus.wisc.edu as an attachment. The file name should be your last name along with a notation of the specific paper submitted (Ex. Jones-Ethics Paper). Make sure to include your name ON the paper!

Ethics Discussion Group Session/Dinner: We will meet as a group on Thursday, September 3, 2015 from 5:30 - 8:00pm in Gordon Commons. The group meeting is mandatory and will include a debrief on the written assignment along with significant group discussion (and dinner!). We will work around class conflicts, but we will not accept work conflicts as we believe the commitment to the ethics program is an integral part of what you committed to in joining the MAcc programs.
ETHICS READINGS AND THOUGHT EXERCISES

The best way to prepare yourself for dealing with ethics issues as they arise is to read about situations and think about how you would have reacted in that same situation. For example, would your view of stock options be different if they were an integral part of your income? Complete the REQUIRED items below:

READING – BOOKS TO EXPAND YOUR THOUGHTS ON ETHICS:

REQUIRED: Read the following book:

David Callahan, The Cheating Culture: Why More Americans are Doing Wrong to Get Ahead, New York, Harcourt Publishing, 2004

A tour of cheating in America and makes a powerful case for why it matters. The author blames the dog-eat-dog economic climate of the past 20 years for corroding values.

REQUIRED: Also, read one of the following books over the summer:


No One Would Listen is the thrilling story of how Harry Markopolos, a little-known number cruncher from a Boston equity derivatives firm, and his investigation team uncovered Bernie Madoff’s scam years before it made headlines, and how they desperately tried to warn the government, the industry, and the financial press.


The book combines the immediacy of autobiography with the perspective of an investigative journalist to profile Pavlo’s journey from rising corporate star to convicted white-collar felon. Pavlo is also our featured speaker for the May 8, 2014 Ethics Program.


As Vice President of Internal Audit at WorldCom, Cynthia Cooper made a decision that revealed the largest fraud in U.S. corporate history. For her efforts, Cooper was named as Time magazine’s Person of the Year in 2002. Cooper was also our featured speaker for the 2008 and 2012 Ethics Program.

Barbara Ley Toffler, Final Accounting: Ambition, Greed, and the Fall of Arthur Andersen, New York, Broadway Books, 2003


Intriguing and true account of the many parties that contributed to the Enron failure. Does the best job of describing the interrelationship of many parties – all of whom failed to meet society’s expectations.


Sherron Watkins is perhaps the best known whistleblower in the Enron case.

Describes a number of experiments in which the authors examine individual behavior and pose the question of why doesn’t everyone ‘race to the bottom’. Raises some interesting questions, but some of the writing is repetitive. However, the questions are the really interesting part of this book.


Book was recommended for those interested in the tax area. Raises questions about what is morally right and what is legally right. Good to think about in the context of tax structuring or business organization structures.


Analyzes accounting practices that led to scandals at such companies as Enron and WorldCom, profiling the American bull market that began in 1982 and tracing the events and deceptions that culminated in misleading Wall Street quarterly reports.

You may pick a different book that you believe captures the issue of ethics in a real world setting. Please email Professor Warfield (twarfield@bus.wisc.edu) with your selected book to get approval.

OPTIONAL, but SUGGESTED Videos:

Smartest Guys in the Room

This is a DVD based on the best-selling book of the same name by Fortune reporters Bethany McLean and Peter Elkind. This study of the Enron scandal features insider accounts and rare corporate audio and video tapes that reveal personal excesses and the moral vacuum of the Enron management.

PBS Frontline Series

This is a two-hour video from PBS Frontline program originally telecast in March 2004. It focuses primarily on the tax planning and tax shelters established by KPMG, but which are descriptive of many of the tax services that most CPA firms engaged in during the same time period. The video raises some questions on why does a profession stray so far from what society seems to think is acceptable. Why didn’t such questions arise earlier, or has societal expectations changed?

REQUIRED: Read the Statement of Values, which were developed by prior classes (available at: http://bus.wisc.edu/knowledge-expertise/academic-departments/accounting/beyond-degrees/ethics-professionalism). Be prepared to critique and improve these at our fall Ethics and Discussion Group Session. Be prepared to address the question of what action your class should take regarding the ethics framework established by prior classes.

REQUIRED: Interview at least one successful leader in the community (someone outside your immediate family) specifically about ethics, ethical issues faced, core values, etc. Identify the key principles of successful business people. Consider how you can incorporate those values into your life and your profession.

WRITING EXERCISE: FORMALIZING YOUR THINKING

Write a 7 - 10 page paper (double spaced with one inch margins) incorporating the following:

1. Evaluate the assertions made by David Callahan in his book “The Cheating Culture“ that four main factors have increased the amount of cheating in America (see pages 20-23 of the book). He sites
new pressures, bigger rewards for winning (and potentially bigger losses for losing), temptation, and trickle-down corruption. Consider these four assertions in relation to the book you choose to read and the interview you conduct.

2. In addition to the four assertions, develop an analysis illustrating how the Callahan framework is relevant to ethical behavior and insights gained from the book you have chosen to read and the interview with a respected community or business leader.

3. Identify and evaluate different alternatives to improve ethical behavior. You should consider ways in which leadership (also referred to “tone at the top”) can be exhibited to establish an ethical standard of behavior and/or identify appropriate actions for whistleblowing and what should be done to encourage constructive whistleblowing. *(Note – a good response to this element may require some research on these topics).*

4. A personal statement of limits that you identify that are sufficient to cause you to say “enough – this is inappropriate behavior” which would lead you to disassociate yourself from the unethical behavior. The answer must be very specific and show knowledge of fraudulent and/or unethical behavior and ethical dilemmas. Discuss how you develop your ability to identify “the line” not to be crossed. Include an application of the criteria in your personal life.

5. Provide a brief statement articulating how you intend to take ownership of the Ethics and Professionalism Program. Identify a person who would be a good ethics speaker (fall or spring) in the upcoming year.