APPENDIX

ETHICAL DECISION-MAKING MODEL

Langenderfer and Rockness (1989) suggest that students need to develop a systematic approach for solving ethical dilemmas. We utilize a five-step decision-making model for evaluating ethical situations adopted from May (1990) and Mintz (1997) to address the ethical issues of the Kingston University case. A discussion of each step follows.

Step 1: Determine the Facts

The first step in the ethical decision-making model requires an individual to contemplate what is known (or needs to be known) that helps to define the problem at hand. Determining the relevant facts, including differences of opinion and other conflicts, requires an identification of the “who, what, when, where, and how” of the situation.

Step 2: Identify Stakeholders and Ethical Issues

The ethical decision-making model focuses on competing interests. Thus, users of the model must consider the different interests of all significant stakeholders (parties clearly affected by the decision made, or not made) in the case. In this step, individuals using the model need to stretch beyond accounting issues and consider the diverse interests of the stakeholders. The stakeholders’ interests can be defined quite broadly and include, among other things, personal integrity, the rights of the different parties, risks and potential harm or damages that might be incurred, self-interest, obligations and duties, equality, justice, and responsibility. Included in this step is the internalization of the key professional duties of an accountant—competence, objectivity, and integrity.

Step 3: Specify the Alternatives

Developing a list of major alternative courses of action is the third step of the ethical decision-making model. Alternatives should include a range of action, from not doing anything to challenging the parameters of the scenario (in this case, the constraints posed by the athletic director, Sam Waters). For each alternative, decision makers should determine whether the alternative is legal, right, fair, beneficial, consistent with professional accounting standards, consistent with the organization’s mission, and consistent with virtue considerations.

Step 4: Compare Alternatives and Assess the Consequences

The fourth step involves assessing the alternative courses of action and determining whether there is compelling alternative. An essential component of this step is the assessment of the potential consequences that may affect each of the interested stakeholders identified in the second step. The consequences identified should include both a long- and short-run focus, as well as positive and negative outcomes.

Step 5: Make Your Decision

The final step in the ethical decision-making model is the selection of the alternative that best balances the consequences of an action against the decision-maker’s primary principles or values. The goal is to eliminate unethical options and select the best ethical alternative. Before reaching a final conclusion, the decision maker should be confident and comfortable when answering the following two questions: (1) How would I feel if my decision was printed in the local newspaper? (2) How would I feel if my family was to find out about my decision? You must select an alternative and your decision must be definitive; that is, you cannot “straddle the fence” and argue that it could be viewed multiple ways.

6 May (1990) uses a seven-step ethical decision-making model. We combine his second and third steps into our second step because of the large overlap that we believe exists in May’s (1990) steps. Likewise, we combine May’s fifth and sixth steps into our fourth step for the same reason.