

# PERSONAL ETHICS AND FINANCIAL REPORTING

Portfolio Assignment  
Brian Palmer  
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We've always been told we should keep our work and personal lives separate from one another. While I agree, I truly believe an individual's personal ethics plays a part in every situation, including the workplace. I would like to discuss the development of my own personal ethics and explain why I feel my personal ethics and the personal ethics of others can have a dramatic impact on financial reporting.

Socrates said, "It is not living that is important, but living rightly." I believe this attitude can and should be a mantra to live by in all situations. When thinking about this topic, many individuals (both non-fictional and fictional) come to mind: members of Enron, Gordon Gekko, Bernard Madoff, Jordan Belfort, to name a few that took advantage of their position, mislead, and falsified information to benefit.

Personal ethics are not an inherited trait, but they begin to develop at a very young age. I believe the foundation of your ethics/character come from the ethics you are exposed to as a child. I grew up in a home where my mother and father both worked very hard for everything we had. Both my parents highlighted the importance of an education and we were strongly exposed to a religion that emphasized honesty in all your dealings; but mostly they showed me hard work pays off. I am the youngest of five children, all of which were raised in the same house and chose different paths. Our parents tried to instill a strong set of ethics into each of us. Lucky for me, being the youngest, I was also able to watch and learn from the examples of my older siblings. This does not mean I ended up with the exact same ethics, in fact in some ways they are completely different. I was able to see their successes along with their failures. I was then able to try and emulate the positive qualities and avoid some of the negative. I am certainly not saying I am perfect. There were many clear examples of wrong things to do, and I still chose to test them out for myself. But I knew, from a very young age that if I felt bad about doing something, I probably shouldn't be doing that. Little did I know, that was what a conscience was. However, I believe it was seeing the consequences of one's actions that helped me formulate different results in the end.

I started working when I was thirteen years old and have had a job ever since. Over the years, I have had several different employers in a number of different fields. At that young age I was still developing my personal ethics and it was from those basic principles I began to form the ethics I would bring into my professional life. Whether from your parents, siblings or other influencing members, the way you see them treat one another, other people, and/or their obligations will be the basis you begin to learn from. Of course, in the end the final decision is completely up to you. After reviewing the videos we were asked to watch before composing our thoughts, it is even more apparent that there is a slippery slope when it comes to ethics changing to suit your needs in THE MOMENT.

Personal ethics have a HUGE impact on financial reporting. There are many companies that rely on hard numbers to report to investors or a Board of Directors. There is a lot of pressure to out perform the year prior, make more money, and have smaller losses. 2 of my brothers and my dad have worked in law enforcement. Most people associate crime as dealing drugs, stealing, and physical abuse. Many

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don't consider fraudulent financial reporting as a crime, or it is on the lower tier of 'crimes or sins.' But misleading numbers to make people happy isn't right, nor is it legal. Falsified information, lying, and lying about such things are in many cases, felonies.

The video of the 'typical white collar criminal' is, unfortunately, more common than one thinks. Once an unethical decision is made, it is much easier to continue to make additional bad decisions. In the video, the man justified stealing money to help transform his disfigured daughter's face, and then it became easier to take more money for other life events that called for it. This video example goes back to a very basic principle: the white lie. How easy it is to get away with saying a white lie, and how much easier it is to tell a second, one you've told the first and got away with it.

I have worked in many different work environments, where a system of checks and balances were in place. At first, I thought why should people be checking other people's work, do they not trust their employees? But in time, I found that that was not the case. I realized the company was doing it to protect themselves as well as the employee. If one person 'holds the keys' so to speak, there are many opportunities to make poor decisions, or act unethically. Perhaps, if there were someone else to keep an eye on the 'typical white collar criminal' there wouldn't be a \$3,000,000 company loss, or a lonely man in prison.

I currently work as an Account Executive at a translation company called InWhatLanguage. I make a base salary, and a commission, based on the amount of monthly business I acquire. I earn my commission when my client pays for their transaction. I often keep track of the monthly processed transactions, so I make sure I get paid the appropriate commission. I could very well assume that our accountants are tracking every commission to the dollar, but they have a lot to handle. It would certainly be beneficial for my company if they missed a commission here or there, and it would absolutely be to my disadvantage. Over the last couple of months I noticed a couple large clients commissions weren't properly paid. In one situation, I was overpaid for a commission, which I caught and notified the company accountant. It may have been a one-time occurrence, but what if it wasn't? What if I was overpaid every month? The company I work for would take a loss. The same situation would be unfortunate for me, if I was consistently underpaid in my commissions. This is where personal ethics directly affects financial reporting.

In my previous job at Genesco, I worked as a Loss Prevention Manager, where I traveled around the US and Canada, auditing store locations, offering training, and making company recommendations. In that position, I would constantly go into a store and find managers who weren't keeping accurate inventory records, falsifying company documents, and simply became complacent to the point of keeping their job afloat. After auditing a store, it was apparent that another set of eyes was beneficial, to both GENSECO and the store manager themselves. The audited manager knew what needed to be improved upon and what to look out for in the future, to avoid trouble.

Although my work experience over the last few years has been varied, one thing has stayed consistent- my personal ethics. My employers have seen my honesty in how I deal with clients, co-workers, and subordinates. They know I am a trusted employee, one that has their best interest at heart. I want to know my dealings with people and businesses are honest, because your reputation follows you-whether it be good, or tarnished. My recommendation to have solid personal ethics is to encourage people at a

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young age, to have strong character by setting a good example of honesty, transparency, and organization. I say organization, because it is so much easier to keep track of financials, records, and communications when you're organized. Strong organization, in turn makes it easier for you to be transparent to both your company and individuals. If one has poor personal ethics at a young age, that doesn't mean they won't ever have personal ethics. Hard work, transparency, and organization can be acquired with time and hard work.