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DRAGON SOUP AND EARNINGS MANAGEMENT

INTRODUCTION

The Dragon Soup and Earnings Management case is a perfect example of exploring the principled reasoning of the corporation and the pressure that affects business decisions. In this case, we analyze a hypothetical company named Dragon Soup dealing with situations where firms manipulate their earnings to fit outside expectations.

ETHICAL DILEMMAS

The decision making crisis that stems out of Institute of Osteopathic Medical Studies focused on the ethical issue. Toal the central issue of the Dragon Soup case is founded on the ethical question. Should they perform revenue recognition that is actually permitted under the generally accepted accounting principle but can result to giving wrong information or misleading information

DECISION MAKING

This case is such a good example of how ethical decisions should always be made when it comes to the management of finances. While earning management provide short term gains managers must balance these against potential long run loses which may include action taken by the regulators, low stakeholders trust and the dilution of the company's image.

CONCLUSION

The facts of The Dragon Soup and Earnings Management case should be used to discuss the key issues connected with ethical analysis of the financial reporting and strategies. They desert the reinforcement of adequate internal controls, ethical leadership, and accountability to enable organisations overcome various challenging business contexts.

RECOMMENDATION

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