

**SEMESTER – B.Com, SEMESTER 4**

**SUBJECT – Business Ethics**

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**LECTURE NO. - 4**

**Note:** If anyone is interested to get a scanned copy of the chapters I am covering, please contact me in whatsapp at 9163019220 and I will send you the same.

**Chapter 3: Ethics in Management**

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**Ethics in Marketing:**

A company must have ethical marketing policies to guide their pricing, advertising, research and competitive strategies. Moral dilemmas can arise for marketing managers who may be asked to promote unsafe products or to implement advertising campaigns that are untrue or not in the consumer's best interests. For example, Several equity traders, particularly at Enron during and after the corporate scandals, were involved in lying to customers about “dogs”—stocks they knew were underperforming. Part of their motive was to keep certain stocks popular and in a “buy” mode, so their own sales performance would be valued higher, giving them better bonuses.

A major moral dilemma for marketing managers is having to choose between a profitable decision and a socially responsible one. Stakeholder analysis helps marketing managers in these morally questionable situations by identifying stakeholders and understanding the effects and consequences of profits and services on them. Balancing company profitability with human rights and interests is a moral responsibility of marketers.

Marketing is the heart of all businesses and all other functions depend upon the same for keeping the business moving. In such a scenario there are bound to be multiple players and a clash is inevitable. Such clash leads to malpractices like hoarding, price competitions, brand wars and use of unfair tactics, which is precisely where marketing ethics come into play.

Marketing ethics unlike other business ethics is not only restricted to the field of marketing alone. It influences many aspects of our life and especially in developing perceptions in the minds of people and creating identities. The visual channels of communication used for marketing sometimes lead to closure of knowledge, opinions, ideas and beliefs.

**Ethics in Accounting and Finance**

Accounting and finance professionals are responsible for the welfare of clients and safeguard their financial interests. Financial planners, brokers, accountants, mutual fund managers, bankers, valuation specialists, and insurance agents have the responsibility of ensuring reliable and accurate transactions and reporting of other people's money and assets. Various scandals like corporate scandals at Enron, Tyco, Arthur Andersen, and other large firms

showed that company culture, individual and team judgment, greed, and lack of integrity contributed to executives' "cooking the books."

Factors in these professions that trigger unethical activities include: (1) pressures from senior officers and supervisors to "maximize profits," sometimes at any cost; (2) lack of integrity (truthfulness, conscience) of leaders, supervisors, and employees; (3) corporate cultures that devalue clients, investors, and employees; (4) requests from clients to change financial statements and tax returns and commit tax fraud; (5) conflict of interest and lack of auditor independence between client and auditing firm; and (6) blurring professional and personal roles and responsibilities between client and professional.

The entity should appoint an auditor to minimize these frauds and errors which unethical in accounting of business entity. Also the management should take necessary action to prevent the employees from making some mistakes willingly or unwillingly. Internal control and internal checking system must be initiated to detect and stop the errors and frauds internally. Although various company ethics, reporting codes and code of professional conduct by professional accounting bodies sets rules or standards that define right from wrong to ensure that members' behavior comply with perceived public expectations of ethical standards, problems remain. Financial statements prepared under GAAP are intended to reflect an economic reality; GAAP makes a company's financials comparable and understandable so that investors, creditors and others can make rational investment, credit and other financial decisions. Further Indian Accounting Standards issued by ICAI provides the guidance for making the financial statements in the true and fair manner, it helps the accounting professionals to increase the credibility of financial statements.

Steps should also be taken by the management for true, fair and reliable management accounts: The management should frames the rules and policies in such a way that have positive effect on business activities; determining the key elements of the business like objectives and see how they are defined and measured, and make sure that the funds are allocated in different activities on the basis of their importance.

### **Ethics in Workplace**

Ethics in work place is regarded as the application of moral principles, standard way of behaving or set of values regarding proper conduct in workplace as individuals and as a member of a group. Every employee of the organization should be responsible about the rights and duties along with being loyal to the organization. Every employee of the organization should respect each other and obey the direction and advice of their superiors. . Performance of workers should be fairly evaluated and good performance must be rewarded. Organization should be careful about the problems of employees. Employee recruitment, promotion, wages determination, other facilities must be given to the employees according to their skill and efficiency. Employees personal life must also be respected and companies should try to help everyone maintain work life balance.

### **Steps Towards Better Work Ethics**

1. Attendance - Attendance and punctuality often have a large impact on individual and team success. Proper scheduling of work, timely filling of time sheet, prior approval for absence, etc., helps maintaining regularity in work.

2. Character - An employer expects employees to work together toward achieving the objectives of the company. Each and every employee should imbibe traits like loyalty, honesty, trustworthiness, dependability, self discipline, etc
3. Teamwork - It is vital that employees work as a team. It is important not only to their personal success and advancement, but also to that of their co-workers and to the company. Teamwork involves being cooperative, assertive, well behaved and maintaining confidentiality.
5. Attitude - It is very important to demonstrate a positive attitude, appear self confident, and have realistic expectations for self.
6. Productivity - In order to be a productive student and employee, a person must follow safety procedures, conserve materials, keep the work area neat and clean and follow directions properly.
7. Organizational skills - Employers consider effective time management and organizational skills as good work habits. Setting time tables, prioritizing work, clear allocation of work, etc. help in proper organization..
8. Communication - Communication whether it is verbal or nonverbal must be clear, to the point, empathetic, and one must keep in mind that we must always treat others as we would like others to treat us.
9. Cooperation - involves developing good working relationships, following the chain of command, good at conflict management, and being a good problem solver.
10. Respect – it cannot be emphasized enough that every working relationship from the top to the bottom of the chain of command is based on respect.