

ETHICS & PROFESSIONALISM



PAPER



TOPIC

ETHICAL BEHAVIOUR

Define/Elaborate on the meaning of ethical behaviour.

- ethical behaviour means that businesses have the responsibility to use moral codes that guide them to make the choice between right and wrong.

Examples of ethical behaviour (4)

- The business operates within the law and other restrictions.
- Businesses ensure that the environment is not polluted during their production process.
- Businesses do not engage in illegal business practices such as price-fixing.
- Businesses do not make use of child labour.

Examples of unethical behaviour (4)

- Dumping pollutants into the water supply rather than using environmentally friendly solutions for cleaning up the pollutants.
- Deliberately falsifying information on tax returns.
- Engaging in price-fixing to force smaller competitors out of business.
- Using bait and switch or false advertising tactics to lure customers in or convince them to buy a product.

PROFESSIONAL BEHAVIOUR

Define/Elaborate on the meaning of professional behaviour.

- Although professionalism is closely linked to ethics, it is a broader concept than ethics. It includes issues such as appearance, communication, responsibility, knowledge, skills, etc.

Examples of professional behaviour (4)

- Keeping clients' details confidential/Not using clients' information for personal gain.
- Treating all colleagues and clients the same.
- Taking responsibility for your actions, for example, admitting your mistakes.
- Exercising reasonable work morale and self-motivation.

Example of unprofessional behaviour (4)

- Using rude/impolite language with colleagues and clients.
- Giving some people special favours.
- Being unprepared for assignments or tasks.
- Unauthorised use of business resources.

Outline the differences/Differentiate/Distinguish between ethical and professional behaviour.

ETHICAL BEHAVIOUR	PROFESSIONAL BEHAVIOUR
Refers to the principles of right and wrong/acceptable in society.	Refers to what is right/wrong/acceptable in a business.
Conforms to a set of values that are morally acceptable.	Set of standards of expected behaviour

Application of the King Code Principles (4)

R Responsibility

- The business should develop and implement programmes that should be aimed at protecting the communities in which they operate.
- The business should develop remedial programs to protect the environment. Example, reduce air and water pollution.

A Accountability

- Businesses should be accountable for their actions.
- There must be regular communication between management and stakeholders.

T Transparency

- Actions must be clear to all stakeholders.
- Staffing and other processes should be open and transparent.



Ways in which professional, responsible, ethical and effective business practice should be conducted. (4)

- Business decisions and actions must be clear/transparent to all stakeholders.
- Business should be accountable/ responsible for their decisions and actions/patent rights.
- There must be ongoing development and training for all employees of the business.
- Business should treat all their employees equally, regardless of their race/colour/age and so on. They must also adhere to the requirements of the EEA.

UNETHICAL BUSINESS PRACTICES

Identify from scenario.

NOTE: *Be sure to use the correct working when identifying or discussing the unethical business practices.*

Unfair advertising (1)

- This refers to the use of false or misleading statements in advertising, leading to the misrepresentation of a certain product, which may negatively affect consumers.

Pricing of goods in rural areas (1)

- Businesses often charge high prices for goods in rural areas.

Taxation/Tax evasion (1)

- Tax evasion is an illegal activity in which a person deliberately avoids paying a true tax liability.

Challenges posed by the types of unethical business practices.

Challenges posed by Unfair advertising (4)

- The use of false or misleading statements in advertising leads to the misrepresentation of a product, which could negatively affect customers.
- Deceptive advertising can violate the trust of consumers and destroy business relationships.
- Unfair advertising could negatively affect consumers.
- Some advertising may be regarded as discriminatory because they exclude some sections of the population.

Challenges posed by Pricing of goods in rural areas (4)

- Some businesses in rural areas exploit their customers by inflating their prices, and this could to disloyalty from their customers.
- Businesses may experience a decline in sales due to high cost added into the price of final product.
- Businesses may form monopolies in rural areas and increase their prices unilaterally which may result in heavy fines.
- It may be common practice to pay higher prices for inferior quality in rural areas. There might be more complaints from customers about bad quality products/services.

Challenges posed by Taxation/Tax evasion (4)

- Business may pay heavy fines for invading tax.
- Tax invasion may negatively impact the businesses image.
- The accountant may be charged high fees for falsifying financial statements.
- Businesses may not be familiar with the latest changes in tax legislation.

Dealing with unethical business practices

Dealing with Unfair advertising (4)

- Businesses must report unfair advertisements by competitors to the ASA (Advertising Standards Authority).
- Advertisements should be honest, legal and not abuse consumer's trust.
- Advertisements should not contain anything discriminatory or support act of violence.
- Businesses must make sure not to omit key information from the advertisement.

Dealing with Pricing of goods in rural areas (4)

- Business must charge fair prices for goods and services.
- The business must be willing to avoid unethical business practices to attract customer loyalty.
- Business must work together with suppliers to share delivery costs to remote rural areas
- Must investigate cost effective ways of transporting products.

Dealing with Taxation/Tax evasion (4)

- VAT needs to be charged on VAT-able items.
- Submit the correct tax returns to SARS on time.
- All products should be correctly invoiced and recorded.
- Disclose all sources of income for tax payment purposes.

UNPROFESSIONAL BUSINESS PRACTICE

Identify from scenario.

NOTE: *Be sure to use the correct working when identifying or discussing the unprofessional business practices.*

Sexual harassment (1)

- Involves unwanted and unwelcome attention of a sexual nature from someone at work.

Unauthorised use of workplace funds and resources (1)

- If someone is using the businesses money or resources without permission, it is

Abuse of work time (1)

- Refers to activities that are not focused on the job an employee is employed to do during working hours.

Challenges posed by the types of unprofessional business practices.

Challenges posed by Sexual harassment (4)

- The affected party is normally reluctant to report the incident because of the fear of victimization.
- Sexual harassment causes discomfort and interferes with the ability of the victim to successfully complete assigned work tasks.
- The business can lose workers because they don't feel safe in the business.
- Sometimes the victim prefers to stay away from work and the business loses productivity.

Challenges posed by Unauthorised use of workplace funds and resources (4)

- Fraud increases the cost of doing business.
- It may affect the competitiveness of the business.
- It could discourage customers when prices are increased to absorb the losses.
- It could discourage investors when the business receives bad publicity from lawsuits.

Challenges posed by Abuse of work time (4)

- Abuse of work time decreases productivity and causes businesses to lose profits.
- Businesses can also lose customers and not meet work deadlines.
- Time is money, therefore, a loss of work time affects the profits of the business.

Dealing with unprofessional business practices

Dealing with Sexual harassment (4)

- Every business must implement internal complaints and disciplinary procedures.
- The business must educate employers on sexual harassment matters .
- The business must formulate a policy regarding sexual harassment.
- An internal investigation should be conducted to determine the seriousness of the harassment.

Dealing with Unauthorised use of workplace funds and resources (4)

- The business must conduct regular audits.
- They must identify risk areas.
- They must limit the number of employees having access to business funds.
- The business must implement fraud prevention strategies.

Dealing with Abuse of work time (4)

- Speak directly to those employees who abuse work time.
- The code of ethics should contain clear rules about the abuse of work time.
- The business should monitor employees to ensure that tasks are completed.
- Businesses should conduct training on the contents of the code of ethics.