

ETHICS

WORKSHEET 1

The word **ethics** is defined as a set of moral principles of a profession according to which a person should behave. It is a set of rules of conduct that provide the distinction between right and wrong behaviour.

People in business are not always trustworthy. Although business people know the right way of doing business they will be dishonest or be silent about information that can have a negative influence on their business.

We know what is the right conduct and behaviour but we sometimes bend it to make the deal. This is the reason why businesses have rules on how to behave for their staff – a Code of Ethics.

CODE OF ETHICS FOR A BUSINESS

Every organisation has a code of ethics, and sets its own policies and procedures. In this code of ethics the employee of this profession recognizes his responsibilities to the public, to clients, to colleagues and to employers. The purpose of a code of ethics is to promote an ethical culture in the financial profession, and **guides** employees in performing professional services, as well as promoting the confidence of outsiders in our business.

WHAT DOES A CODE OF ETHICS DO?

- It explains the values, ethics and beliefs of the organisation as well as indicating the basis for all policies and decisions.
- It informs every person in the organisation as to the expected standard of behaviour.
- It gives outsiders confidence when they deal with the organisation.
- It prevents the development of undesirable trends in the future.

ACTIVITY 1

**Why should a business have a Code of Ethics?
EXPLAIN IN YOUR OWN WORDS**

WORKSHEET 2

UNETHICAL BEHAVIOUR

Unethical behaviour is

- dishonesty
- fraud
- declaring bankruptcy to cancel a labour contract and cut wages

FRAUD

Definition	Fraud is <ul style="list-style-type: none">- dishonest dealings- cheating- any misrepresentation of the truth in order to take money from a person
When does fraud occur	Fraud occurs when all the following elements exist <ul style="list-style-type: none">- a person or organization intentionally makes an untrue representation of an important fact- this is believed by the victim- the victim acts upon the untrue representation- the victim suffers loss of money or property as a result

ACTIVITY 2

Explain in your own words what you understand by the word “fraud”. Give some examples that you have heard on the TV or read in newspapers.

WORKSHEET 3

BASIC PRINCIPLES OF ETHICS

The term “**Good corporate governance**” deals with the manner in which a business is run. The management of the business can manage the business in an ethical or unethical manner. Below are the characteristic of **good** corporate governance.

Leadership 	The people that have the responsibility of directing the action of others need to ensure that their own actions and those of the people that they lead are always according to the code of ethics.
Discipline	All members of an organisation need to behave with restraint and ensure that their actions are governed by the code of ethics at all times. If they do not do this, management should introduce corrective measures as soon as possible.
Transparency	If your actions are always ethical then there should be no problem if others are informed of your decisions and the reasons for them. This prevents misunderstanding and promotes trust between members of the organisation
Accountability	This means that in all situations the members of the organisation should be prepared to take responsibility for their actions - whether they are good or bad. This gives people confidence in the honesty and truthfulness of the people within the organisation.
Fairness	All people and situations should be handled objectively and without bias. This again will promote trust towards the organisation
Sustainability 	The resources that businesses use in the daily running of their business should be capable of being replaced. This can happen naturally or as a result intervention by the organisation itself. In this way the business should be able to operate indefinitely

Responsible management	The people responsible for running the business should at all times behave in a conscientious and trustworthy manner. In this way they will ensure ethical behaviour on the part of employees and the organisation as a whole.
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ACTIVITY 3

1	Leadership	A	Management should always be trustworthy
2	Discipline	B	All people and situations should be handled the same.
3	Transparency	C	All members of an organisation should behave with restraint.
4	Accountability	D	All stakeholders should be kept informed of all decisions.
5	Fairness	E	Management needs to set a good example.
6	Sustainability	F	All people should take responsibility for their actions.
7	Responsible management	G	Management should ensure that any resources that are used, can be replaced.

ANSWER

1	Leadership	
2	Discipline	
3	Transparency	
4	Accountability	
5	Fairness	
6	Sustainability	
7	Responsible management	