

Ethics (15 Marks)

- ① Ethics has been derived from latin word **ethos** which means **character**.
- ② Ethics means set of **rules** which determines what is **right & what is wrong**.
- ③ It is **universal** in nature.
- ④ It is a **social science** in exact science which deals with the concept of what is right or wrong, good or bad, moral or im-moral.
It is called as social science because it deals with human behaviour, society which is difficult to predict.
- ⑤ These moral principles are established by our: ~ **social norms**, **culture**, **religion**.
- ⑥ It is a set of **moral** principles that guides human behaviour.
- ⑦ It can be individual ethics, **group** ethics, **corporate** ethics, **professional** ethics.
- ⑧ Ethics have to be followed by **everyone** including men, women & any other natural person.

Types of Ethics

- ① **Meta-Ethics**: It deals with the nature of **moral judgements**. This means any act considered by **society** as immoral.

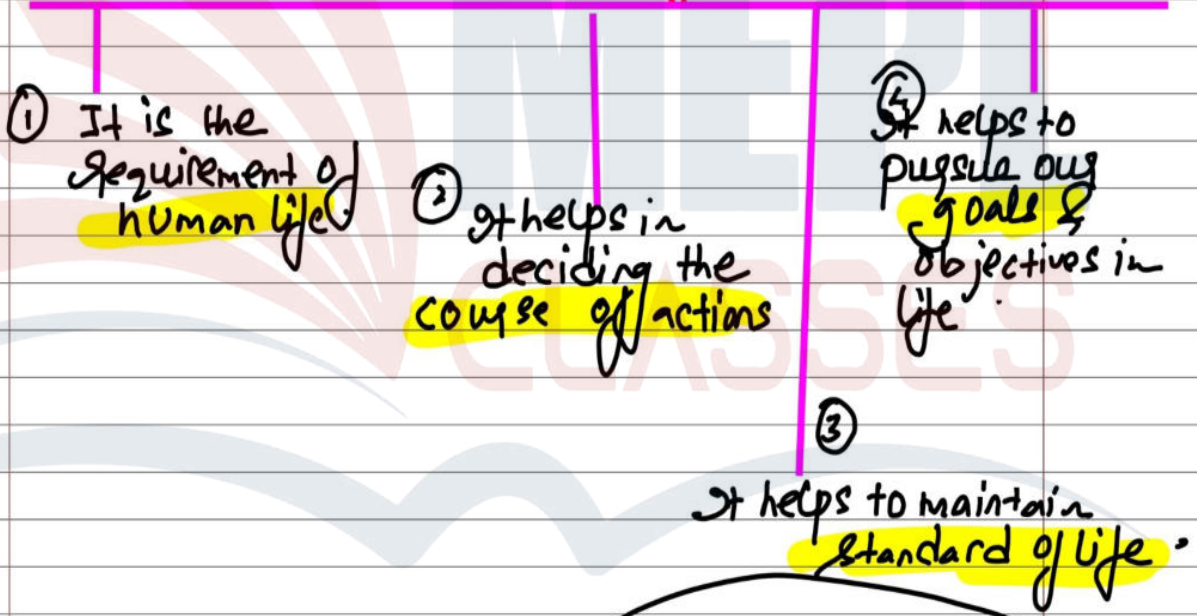
shall be regarded as un-ethical.
 for eg: theft, bribe are considered as immoral by society & therefore unethical.

② **Normative Ethics**: It is concerned with the content (cause/reason) of moral judgement & the criteria for what is right & what is wrong. Eg. if any one can justify the wrong done in name of humanity.

③ **Applied Ethics**: It means application of ethics in practical lives & is controversial in nature.
 Eg. human rights, capital punishment, war, animal rights.

④ It may not be regarded as unethical.

Importance of Ethics:



19th Labour law

Factories Act + Contract Lab Act

20th Ethics - 1st class
 ↓
 2nd class

16/10 :-

16.11



7 Principles of Public Life:~

- ① Principles on Public Life was developed by Lord Nolan in 1995 which later on got amended in 2015.
- ② A Committee to advise British PM on principles of public life was formed in 1994 known as Committee on Standards of Public Life.
- ③ Principles of Public Life were applicable to all the Govt. employees & officers including those working in civil service, police, Govt, court, probation services, non-departmental org as well.
- ④ 7 Principles of Public Life ARE HOLIS AO:~ (Acronym)

- H → Honesty:~. A public officer should be truthful & honest:~
- O → Openness:~. A public officer should be transparent to the public for discharging the duties.
- L → Leadership:~. exhibit leadership skills & motivate others.
- I → Integrity:~. Be honest & straight-forward.
- S → Selflessness:~. Should always try to keep public interest above their personal interest.
- A → Accountability:~. public officers should be answerable to the public.
- O → Objectivity:~. He should remain un-biased.

& impartial.

NATURE OF ETHICS
same as definition of ethics - 7 points.

Business Ethics

- ① ↓
It is an art and science of maintaining harmonious relationship with all the stakeholders in the society & recognizing right or bad conduct.
- ② ↓
It means that business must be conducted ethically.
- ③ ↓
It helps in identifying what is morally right or wrong in the business.

Features of Business Ethics

- ① It establishes a code of conduct.
- ② It provides protection to the social group.
- ③ It provides basic framework.
- ④ It needs willing acceptance.
- ⑤ It does not negate the objective of profit maximization of the co.

3 Principles of Bus Ethics

- ① Avoid exploitation of customers.
- ② Avoid unfair trade practices.
- ③ Protect & safeguard the interest of the employees & ensure them fair treatment.

Importance of Business Ethics

- ① It increases the goodwill of the co. who is conducting its affairs transparently in an ethical manner.
- ② It creates good public image.
- ③ Increased profit
- ④ Increases customers confidence.
- ⑤ Helps to face competition. (Eg. Tata Airlines to support its airline co. recruited many new ee's who came from Indigo and Tata sons enjoy a good public/corporate image).

7 Principles of Business Ethics:

Acronym CAR TOOD.

- ① Community should be involved.
- ② Accounting Control should be used.
- ③ Be Respectful.
- ④ Be Trustful.
- ⑤ Meet your obligations.
- ⑥ Be open Minded.
- ⑦ Have clear documents.

Stakeholders: are the persons who are getting affected/influenced by the decisions of the business.
eg -> shareholders, customers, employees, suppliers, creditors.

Dis-advantages of Bus Ethics:



negativates the object of profit maximization of the business concern

Diversity in achievement i.e. it becomes difficult to strike a harmonious relationship/balance b/w all the stakeholders.

It leads to extra expenses being incurred by the co.

What is Ethical Dilemma?

- ① It is a situation where the co. has to choose between equally un-desirable alternatives.
- ② Ethical Dilemma can never be solved. It can only be resolved.

Areas in Business Ethics:~

↓
Corporate Social Responsibility
 ↓
 Bus. should try to fulfil its responsibility towards society at large

↓
Fiduciary relationship with the stakeholders.
 ↓
 Businesses should maintain healthy relation with the stakeholders & serve them with honesty & integrity

↓
Industrial espionage.
 ↓
 should not do anything to hurt the interest of the industry.

3 Main Issues in Bus Ethics:~

↓
Fairness

↓
Justice

↓
Honesty.

General Business Ethics/Application of Bus Ethics is found in:~

Ethics in Production

ethics in Sales & Marketing

Ethics in Human Resource Management

Ethics in Intellectual Property

V. Imp.

Role of Management Accounting:~

① Problem Solving

Management Accountant helps in evaluation of various alternatives & select the best one for problem solving i.e. decision making.

② Score-keeping

Management Accountant applies standard costing to find out any adverse/unfavourable variances if any by comparing the Actual figures with the budgeted ones.

③ Attention Directing

He should draw the attention of the top level management to suggest recommendations to improve the variances.

13 ethical standards has been laid down by CMAI which has to be followed by a CMA in practice:~

ACRONYM

[DISCCOORR]

① Disclosure:~

CMA in practise to disclose all the material facts in his audit report.

② Independence:~

CMA in practise must be independant in his thoughts & actions.

③ Interest:~

He must reveal / disclose his interest in client's business if any.

④ Standard:~

He should maintain standard of

competence & follow all the applicable standards issued by ICAI.

- ⑤ **Competence:** He should only take that work which he is capable of doing.
- ⑥ **Conduct:** A CMA in practice should conduct himself professionally.
- ⑦ **Commission:** He should not charge any commission for securing professional work.
- ⑧ **Confidentiality:** He should not leak out client's confidentiality at any cost.
- ⑨ **Opinion:** His opinion should be impartial.
- ⑩ **Objective & Scope:** His objective & scope of work should be defined.
- ⑪ **Remuneration:** He should not withdraw any remuneration without client's consent.
- ⑫ **Reputation:** He should not do any activity which may harm reputation of the institute.
- ⑬ **Review:** He should not review work of any other member without informing that member.

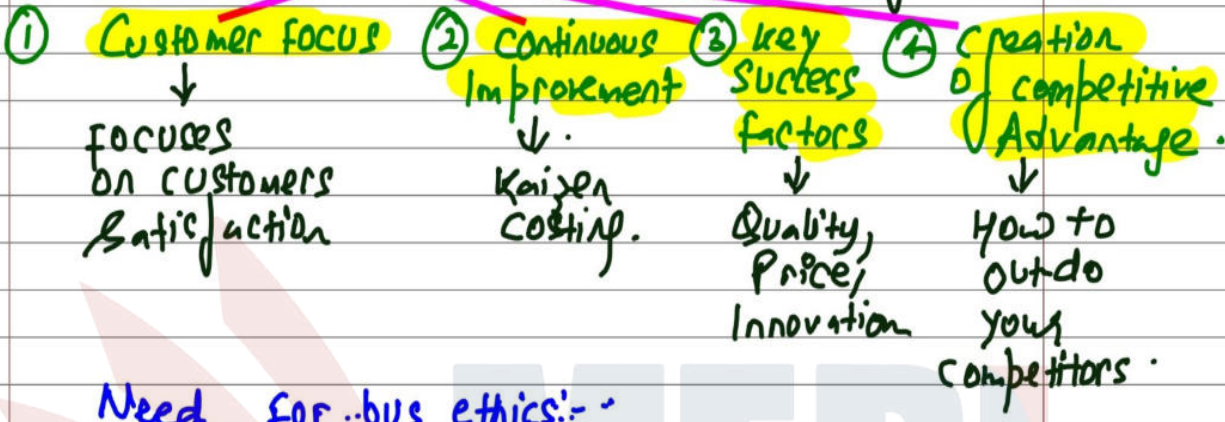
VALUE CHAIN ANALYSIS / SUPPLY CHAIN ANALYSIS:

- RM** **FM**
- ① It refers to sequence of activities in which each activity adds some value to the production of goods & services or sale of such goods & services to its

Customers

- ② It is based on a Japanese concept of costing also called as Kaizen costing which focusses on continuous improvement.
- ③ It was discovered by Michel Porter.

④ 4 Areas in which Value Chain focusses are:-



Need for bus ethics:-

EQ => Emotional Quotient/
Emotional Intelligence.

↓

ability to understand others - emotion & manage your own emotions in a positive way

Overcome challenges
stress mgmt
better communicate

4 attributes of E.I.:-

- ① Self Mgmt
 - ② self awareness
 - ③ social awareness
 - ④ Relationship Mgmt
- social awareness ↓ empathy

{ E.I impacts } =

- Physical
- Mental
- Relationship
- Perf at school