

**Ethics - Meaning, Importance and Nature**

**Question 1:**

Summarize the different types of ethics and importance of ethics. [Model Quest on Paper Set 1 – Dec 24 – 7 Marks]

Discuss the importance of ethics. [Dec 21 - 6 Marks (16)] [MQP\_Paper5\_Set1\_Dec24 - 7 Marks]

**Answer:**

Ethics may be divided into three types as follows:

- Meta ethics;
- Normative ethics;
- Applied ethics.

Meta ethics deal with the nature of moral judgment. It examines the origins and meanings of ethical principles. Normative ethics is concerned with the content of moral judgments and the criteria for what is right or wrong. Applied ethics addresses controversial topics like war, animal rights and capital punishment.

**Importance of ethics: -**

Ethics is a requirement for human life. It is our means of deciding a course of action. Without it, our actions would be random and aimless. There would be no way to work towards a goal because there would be no way to pick between a limitless number of goals. Even with an ethical standard, we may be unable to pursue our goals with the possibility of success. To the degree which a rational ethical standard is taken, we are able to correctly organize our goals and actions to accomplish our most important values. Any flaw in our ethics will reduce our ability to be successful in our endeavours.

A proper foundation of ethics requires a standard of value to which all goals and actions can be compared to. This standard is our own lives, and the happiness which makes them liveable. This is our ultimate standard of value, the goal in which an ethical man must always aim. It is arrived at by an examination of man's nature and recognizing his peculiar needs. A system of ethics must further consist of not only emergency situations, but the day-to-day choices we make constantly. It must include our relations to others and recognize their importance not only to our physical survival, but to our well-being and happiness. It must recognize that our lives are an end in themselves, and that sacrifice is not only unnecessary, but also destructive.

**Quest on 2:**

Explain the nature of Business Ethics. [June 24 - 7 Marks]

Explain the nature of ethics and its importance in business. [Model Quest on Paper Set 2 – Dec 23 – 7 Marks]

Discuss the nature and relevance of Ethics to the Business. [Dec 18 - 10 Marks (16)]

**Answer:**

**Nature of Business Ethics**

Several factors play a role in the success of a company that is beyond the scope of financial statements alone. Organizational culture, management philosophy and ethics in business each have an impact on how well a business performs in the long term. No matter the size, industry or level of profitability of an organization, business ethics are one of the most important aspects of long-term success.

The management team sets the tone for how the entire company runs on a day-to-day basis. When the prevailing management philosophy is based on ethical practices and behavior, leaders within an organization can direct employees by example and guide them in making decisions that are not only beneficial to them as individuals, but also to the organization as a whole. Building on a foundation of ethical behavior helps create long-lasting positive effects for a company, including the ability to attract and retain highly talented individuals and building and maintaining a positive reputation within the community. Running a business in an ethical manner from the top down builds a stronger bond between individuals on the management team, further creating stability within the company.

When management is leading an organization in an ethical manner, employees follow in those footsteps. Employees make better decisions in less time with business ethics as a guiding principle; this increases productivity and overall employee morale. When employees complete work in a way that is based on honesty and integrity, the whole organization benefits. Employees who work for a corporation that demands a high standard of business ethics in all facets of operations are more likely to perform their job duties at a higher level and are also more inclined to stay loyal to that organization.

The importance of business ethics reaches far beyond employee loyalty and morale or the strength of a management team bond. As with all business initiatives, the ethical operation of a company is directly related to profitability in both the short and long term. The reputation of a business from the surrounding community, other businesses and individual investors is paramount in determining whether a company is a worthwhile investment. If a company's reputation is less than perfect based on the perception that it does not operate ethically, investors are less inclined to buy stock or otherwise support its operations. With consistent ethical behavior comes increasingly positive public image, and there are few other considerations as important to potential investors and current shareholders. To retain a positive image, businesses must be committed to operating on an ethical foundation as it relates to treatment of employees, respect to the surrounding environment and fair market practices in terms of price and consumer treatment.

### **The Seven Principles of Public Life: Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty, and Leadership**

**Quest on 3:**

Analyse seven principles of public life in contemporary business world with examples. **[Model Paper – Set 2 – June 23 – 10 Marks] [Model Quest on Paper Set 1 – Dec 23 – 7 Marks]**

**Answer:**

Seven Principles of Public Life:

The Committee submitted its first report in the year 1995 containing the seven principles of public life. The said principles have been amended over years. The seven principles of public life as amended up to and as on 2015 are as follows-

- (a) Selflessness** – Holders of public office should act solely in terms of the public interest.
- (b) Integrity** - Holders of public office must avoid placing themselves under any obligation to people or organizations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.
- (c) Objectivity** - Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

**(d) Accountability** - Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

**(e) Openness** - Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

**(f) Honesty** - Holders of public office should be truthful.

**(g) Leadership** - Holders of public office should exhibit these principles in their own behavior. They should actively promote and robustly support the principles and be willing to challenge poor behavior wherever it occurs.

### The Relationship between Ethics and Law

**Question4:**

Interpret the relationship between ethics and law. [Dec 24 – 7 Marks]

**Answer:**

- *Laws and ethics both serve similar purposes of guiding human conduct to make it conducive to civilized social existence.*
- *They enforce a sense of right and wrong.*
- *Laws refer to the set of codified norms which are enforced by the state.*
- *They act as external obligations.*
- *On the other hand, ethics refer to the set of norms which guide our internal compass and judgements.*
  
- *While laws apply uniformly to all,*
- *ethics can vary from person to person, and they change more frequently than laws.*
- *In case of a breach of law, the state is within its right to punish.*
- *On the other hand, ethics are generally not enforceable.*
  
- *The relationship between laws and ethics is a complex one.*
- *Many laws are representative of ethics of the time and have been shaped by what is considered ethical.*
- *The idea that everyone is equal before law is derived from the value that human is born equal.*
- *At the same time, laws have shaped ethics. They have been used to counter regressive doctrines.*
  
- *From the above we can say that laws alone are not enough to promote ethical behaviour. Laws can never be so exhaustive to cover each and every scenario possible.*
- *Hence, there will always be scope for discretion. In such scenarios, ethical behaviour should come from within.*
  
- *There are many scenarios where laws cannot exist, as we cannot have strict laws to scrutinize every small act of corruption.*
- *Even with laws, some unethical practices continue to exist such as violence against women.*
- *Laws and ethics are equally important and go hand in hand.*

**Values and Attitudes of Professional Accountants**

**Question 5:**

Describe the role of management accounting in relation to the values and attitudes of Professional Accountants. **[Model Quest on Paper Set 1 – Dec 24 – 7 Marks]**

**Answer:**

The role of management accounting is also described as problem solving, score keeping and attention directing.

- **Problem solving:** The role of accounting in problem solving is to provide information that is useful for evaluating alternatives.
- **Scorekeeping:** Scorekeeping records the results of various managerial actions and helps in assessing whether the results expected from the various actions are realized or not.
- **Attention directing:** The scorekeeping function in combination with expected results, and comparative analysis of scores of across various companies, divisions and departments, as well as comparative analysis of present period scores with previous periods, helps focus managerial attention on areas that require improvement.

Professional accountants take on a vast array of roles in businesses of all types, including the public sector, not-for-profit sector, regulatory or professional bodies, and academia. Their wide ranging work and experience find commonality in one aspect – their knowledge of accounting.

These individuals employ an inquiring mind to their work, based on their understanding of the company's financials. Their training in accounting enables them to adopt a pragmatic and objective approach to solving issues. This is a valuable asset to management, particularly in small and medium enterprises where the professional accountants are often the only professionally qualified members of staff. Cost management is an activity of managers related to planning and control of costs. Managers have to take decisions regarding use of materials, processes, product designs and have to plan costs or expenses to support the operating plan for their department or section. All these activities come under cost management. Information from accounting systems help managers in cost management activities. Cost management is not cost reduction alone. It is much broader. Cost management system has to ensure that a cost is incurred with the expectation of profit.

**Question 6:**

Explain Value chain. What are its new themes and challenges? **[June 23 - 8 Marks (16)] [Dec 19 - 9 Marks (16)] [MQP Dec 25 - Set 1 - 7 Marks]**

**Answer:**

**Value Chain**

Value chain is a visualization of complete business as a sequence of activities in which usefulness is added to the products or services produced and sold by an organization. Management accountants provide decision support for managers in each activity of value chain.

The design of management accounting system has to take into consideration the decision needs of the managers. Also, it has to take into consideration the new themes and challenges that managers face currently.

- 1. Customer focus:** The challenge for managers is to invest sufficient resources to enhance customer satisfaction. But every action of the organization has result in enhanced profitability or maintained profitability for the organization.

**2. Key Success Factors:** These are non-financial factors which have an effect on the economic viability of the organization. Cost, quality, time and innovation are important key success factors.

Management accounting systems need to have provisions for tracking the performance of the organization and its divisions as well as competitors on these success factors.

**3. Continuous improvement:** Continuous improvement or kaizen is a popular theme. Innovation related to this area in costing is kaizen costing.

**4. Value Chain and Supply Chain Analysis:** Value chain as a strategic framework for analysis of competitive advantage was promoted by Michael Porter. Management accountants have to become familiar with the framework and provide information to implement the framework by strategic planners.

**Quest on 7:**

What are the standards of ethical conduct for practitioners fixed by the ICAI? [June 17 - 10 Marks (16)]. [Model Paper – Set 1 – June 23 – 10 Marks] [Model Quest on Paper Set 1 – Dec 23 – 7 Marks] [MTP 2016 Jun 2020 Set1 – 10 Marks] [MTP 2016 Jun2023 Set1 – 10M] [MQP\_Set2\_Dec24 – 7 Marks] [MQP\_Paper5\_Set2\_Dec24 - 7 Marks]

**Answer:**

The Institute has promulgated the following standards of ethical conduct for practitioners-

- maintain at all times independence of thought and action;
- not to express an opinion on cost/financial reports or statements without first assessing her or his relationship with her or his client to determine whether such Member might expect her or his opinion to be considered independent, objective and unbiased by one who has knowledge of all the facts; and
- when preparing cost / financial reports or statements or expressing an opinion on cost / financial reports or statements, disclose all material facts known to such Member in order not to make such cost / financial reports or statements misleading, acquire sufficient information to warrant an expression of opinion and report all material misstatements or departures from generally accepted accounting principles.
- not to disclose or use any confidential information concerning the affairs of such Member's employer or client unless acting in the course of his or her duties or except when such information is required to be disclosed in the course of any defense of himself or herself or any associate or employee in any lawsuit or other legal proceeding or against alleged professional misconduct by order of lawful authority or any committee of the Society in the proper exercise of their duties but only to the extent necessary for such purpose;
- inform his or her employer or client of any business connections or interests of which such Member's employer or client would reasonably expect to be informed;
- not, in the course of exercising his or her duties on behalf of such Member's employer or client, hold, receive, bargain for or acquire any fee, remuneration or benefit without such employer's or client's knowledge and consent; and
- take all reasonable steps, in arranging any engagement as a consultant, to establish a clear understanding of the scope and objectives of the work before it is commenced and will furnish the client with an estimate of cost, preferably before the engagement is commenced, but in any event as soon as possible thereafter.
- conduct himself or herself toward other Members with courtesy and good faith;
- not to accept any engagement to review the work of another Member for the same employer except with the knowledge of that Member, or except where the connection

of that Member with the work has been terminated, unless the Member reviews the work of others as a normal part of his or her responsibilities;

- not to attempt to gain an advantage over other Members by paying or accepting a commission in securing management accounting work;
- not to act maliciously or in any other way which may adversely reflect on the public or professional reputation or business of another Member;
- at all times maintain the standards of competence expressed by the Institute from time to time;
- undertake only such work as he or she is competent to perform by virtue of his or her training and experience and will, where it would be in the best interests of an employer or client, engage, or advise the employer or client to engage, other specialists;

**[Students may write any 10 of the above given points mentioned in the answer]**

**Primary Norms of Business Ethics: Honesty, Accountability etc., the Application in Decisions Regarding Employers, Finance and Trading**

**Quest on 8:**

Analyze the different kinds of business ethics with reference to the application in decisions regarding employers, finance and trading. **[Dec 23 - 7 Marks (22)] [Dec 24 – 7 Marks]**

**Answer:**

There are many kinds of business ethics. These may include personal responsibility, corporate responsibility, loyalty, respect, trustworthiness, fairness, community and environmental responsibility

1) **Personal responsibility:** Each person who works for a business, whether on the executive level or the entry-level, will be expected to show personal responsibility. This could mean completing tasks your manager has assigned to you, or simply fulfilling the duties of your job description. If you make a mistake, you acknowledge your fault and do whatever you need to do to fix it.

2) **Corporate responsibility:** Businesses have responsibilities to their employees, their clients or customers, and, in some cases, to their board of directors. Some of these may be contractual or legal obligations, others may be promises, for example, to conduct business fairly and to treat people with dignity and respect. Whatever those obligations are, the business has a responsibility to keep them.

3) **Loyalty:** Both businesses and their employees are expected to show loyalty. Employees should be loyal to their co-workers, managers, and the company. This might involve speaking positively about the business in public and only addressing personnel or corporate issues in private. Customer or client loyalty is important to a company not only to maintain good business relations but also to attract business through a good reputation.

4) **Respect:** Respect is an important business ethic, both in the way the business treats its clients, customers and employees, and also in the way its employees treat one another. When you show respect to someone, that person feels like a valued member of the team or an important customer. You care about their opinions, you keep your promises to them, and you work quickly to resolve any issues they may have.

5) **Trustworthiness:** A business cultivates trustworthiness with its clients, customers and employees through honesty, transparency and reliability. Employees should feel they can trust the business to keep to the terms of their employment. Clients and customers should be able to trust the business

with their money, data, contractual obligations and confidential information. Being trustworthy encourages people to do business with you and helps you maintain a positive reputation.

6) **Fairness:** When a business exercises fairness, it applies the same standards for all employees regardless of rank. The same expectations with regard to honesty, integrity and responsibility placed upon the entry-level employee also apply to the CEO. The business will treat its customers with equal respect, offering the same goods and services to all based on the same terms.

7) **Community and Environmental Responsibility:** Not only will businesses act ethically toward their clients, customers and employees, but also with regard to the community and the environment. Many companies look for ways to give back to their communities through volunteer work or financial investments. They will also adopt measures to reduce waste and promote a safe and healthy environment.

### Internal Code of Ethics

**Question9:**

Explain what an internal code of ethics and its relevance in business. **[Model Quest on Paper Set 1 – June 24 – 7 Marks]**

According to the CFAI's website, explain the Code of Ethics which must be adhered by the Members of CFA Institute. **[June 25 - 7 Marks]**

**Answer:**

A code of ethics in business is a set of guiding principles intended to ensure a business and its employees act with honesty and integrity in all facets of its day-to-day operations and to only engage in acts that promote a benefit to society. All companies will have a different code of ethics with different areas of interest, based on the industry they are involved in, but the five areas that companies typically focus on include integrity, objectivity, professional competence, confidentiality, and professional behavior. Many firms and organizations have adopted a Code of Ethics.

According to the CFAI's website, Members of CFA Institute, including CFA, and candidates for the CFA designation must adhere to the following Code of Ethics:

- Act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets.
- Place the integrity of the investment profession and the interests of clients above their own personal interests.
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities.
- Practice and encourage others to practice professionally and ethically that will reflect credit on themselves and the profession.
- Promote the integrity and viability of the global capital markets for the ultimate benefit of society.

- Maintain and improve their professional competence and strive to maintain and improve the competence of other investment professionals.

### Ethics in Business Dealings

**Quest on 10:**

What are the areas in business ethics? Write a note of the same. **[Dec 22 - 10 Marks (16)] [June 18 - 10 Marks (16)]**

**Answer:**

Areas in business ethics

- Corporate Social Responsibility;
- Fiduciary responsibility to stake holders;
- Industrial espionage.

Ethical behavior and corporate social responsibility can bring significant benefits to a business.

For example, they may:

- attract customers to the firm's products, which means boosting sales and profits
- make employees want to stay with the business, reduce labour turnover and therefore increase productivity
- attract more employees wanting to work for the business, reduce recruitment costs and enable the company to get the most talented employees

Knowing that the company, they deal with, has stated their morals and made a promise to work in an ethical and responsible manner allows investors' peace of mind that their money is being used in a way that arranges with their own moral standing. When working for a company with strong business ethics, employees are comfortable in the knowledge that they are not by their own action allowing unethical practices to continue. Customers are at ease buying products or services from a company they know to source their materials and labor in an ethical and responsible way.

A company which sets out to work within its own ethical guidelines is also less at risk of being fined for poor behavior, and less likely to find themselves in breach of one of a large number of laws concerning required behavior. Reputation is one of a company's most important assets, and one of the most difficult to rebuild should not be lost. Maintaining the promises it has made is crucial to maintaining that reputation. Businesses not following any kind of ethical code or carrying out their social responsibility leads to wider consequences. Unethical behavior may damage a firm's reputation and make it less appealing to stakeholders. This means that profits could fall as a result. The natural world can be affected by a lack of business ethics. For example, a business which does not show care for where it disposes its waste products, or fails to take a long-term view when buying up land for development, is damaging the world in which every human being lives, and damaging the future prospects of all companies.

**Quest on 11:**

Why a good understanding of business ethics is important? **[Dec 23 - 10 Marks (16)]**

Why business ethics is more important and immensely needed in the present business environment? Discuss. **[Dec 17 - 10 Marks (16)]**

Why a good understanding of business ethics is important? **[Dec 17 - 10 Marks (12)]**

**Answer:**

Some of the major reasons why a good understanding of business ethics is important can be stated as follows:-

**1. Stop business malpractices:** Some unscrupulous businessmen do business malpractices by indulging in unfair trade practices like black-marketing, artificial high pricing, adulteration, cheating in weights and measures, selling of duplicate and harmful products, hoarding, false claims or representations about their products etc. These business malpractices are harmful to the consumers. Business ethics help to stop these business malpractices.

**2. Improve customers' confidence:** Business ethics are needed to improve the customers' confidence about the quality, quantity, price, – etc, of the products. The customers have more trust and confidence in the businessmen who follow ethical rules, they feel that such businessmen will not cheat them.

**3. Survival of business:** Business ethics are mandatory for the survival of business. The businessmen who do not follow it will have short-term success, but they will fail in the long run. This is because they can cheat a consumer only once. After that, the consumer will not buy goods from that businessman, he will also tell others not to buy from that businessman. So this will defame his image and provoke a negative publicity. This will result in failure of the business. Therefore, if the businessmen do not follow ethical rules, he will fail in the market. So, it is always better to follow appropriate code of conduct to survive in the market.

**4. Safeguarding consumer's rights:** Consumer sovereignty cannot be either ruled out or denied. Business can survive so long it enjoys the patronage of consumer. The consumer has many rights such as right to health and safety, right to be informed, right to choose, right to be heard right to redress, etc. But many businessmen do not respect and protect these rights. Business ethics are must to safeguard these rights of the consumers.

**5. Protecting employees and shareholders:** Business ethics are required to protect the interest of and image for the business and businessmen. If the businessmen follow all ethical rules, then he will be fully accepted and not criticized by the society. The society will always support in the businessmen who follow this necessary code of conduct.

**6. Develops good relations:** Business ethics are important to develop good and friendly relations between business and society. This will result in a supply of good quality goods and service at low prices to the society. It will also result in profits for the businesses thereby resulting in growth of economy.

**7. Creates good image:** Business ethics create a good image for the business and businessmen. If the businessman follows all ethical rules, then they will be fully accepted and not criticized by the society. The society will always support those businessmen who follow this necessary code of conduct.

**8. Smooth functioning:** If the business follows all the business ethics, then the employees, shareholders, consumers, dealers and suppliers will all be happy. So they will give full cooperation to the business. This will result in smooth functioning of the business. So, the business will grow, expand and diversify easily and quickly. It will have more sales and more profits.

**9. Consumer movement:** Business ethics are gaining importance because of the growth of the consumer movement. Gone are the days when the consumer can be taken for ride by the unscrupulous business by their false propaganda and false claims, unfair trade practices. Today, the consumers are aware of their rights and well informed as well as well organized. Now they are more organized and hence cannot be cheated easily. They take actions against those businessmen who indulge in bad business practices. They boycott poor quality, harmful, high-priced and counterfeit (duplicate) goods. Therefore, the only way to survive in business is to be honest and fair. Consumer forums and Consumer Associations are more active and vocal now.

**10. Consumer satisfaction:** Today, the consumer is the king of the market. Any business simply cannot survive-without the consumers. Therefore, the main aim or objective of business is consumer satisfaction. If the consumer is not satisfied, then there will be no sales and thus no profits too. Consumer will be satisfied only if the business follows all the business ethics, and hence are highly needed.

**11. Importance of labour:** Labour, i.e. employees or workers play a very crucial role in the success of a business. Therefore, business must use business ethics while dealing with the employees. The business must give them proper wages and salaries and provide them with better working conditions. There must be good relations between employer and employees. The employees must also be given proper welfare facilities.

**12. Healthy competition:** The business must use business ethics while dealing with the competitors. They must have healthy competition with the competitors. Healthy competition brings about efficiency, break complacency and leads to optimal utilization of scarce resources, hence is always welcome. They must not do cut-throat competition. Similarly, they must give equal opportunities to small-scale business. They must avoid monopoly. This is because a monopoly is harmful to the consumers.

### Emotional Intelligence (Concept and Importance)

**Quest on 12:**

How would you evaluate the effects of emotional intelligence on your work, physical health, mental health and relationship? **[June 24 - 7 Marks]**

Explain the concept of emotional intelligence. Analyse the effects of emotional intelligence. **[June 23 – 10 Marks (22)]**

**Answer:**

**Emotional intelligence also known as emotional quotient or EQ,** is the ability to understand, use, and manage your own emotions in positive ways to relieve stress, communicate effectively, empathize with others, overcome challenges and defuse conflict. Emotional intelligence helps you build stronger relationships, succeed at school and work, and achieve your career and personal goals. It can also help you to connect with your feelings, turn intention into action, and make informed decisions about what matters most to you.

**Emotional intelligence affects**

**Your performance at school or work:** High emotional intelligence can help you navigate the social complexities of the workplace, lead and motivate others, and excel in your career. In fact, when it comes to gauging important job candidates, many companies now rate emotional intelligence as important as technical ability and employ EQ testing before hiring.

**Your physical health:** If you're unable to manage your emotions, you are probably not managing your stress either. This can lead to serious health problems. Uncontrolled stress raises blood pressure, suppresses the immune system, increases the risk of heart attacks and strokes, contributes to infertility, and speeds up the aging process. The first step to improving emotional intelligence is to learn how to manage stress.

**Your mental health:** Uncontrolled emotions and stress can also impact your mental health, making you vulnerable to anxiety and depression. If you are unable to understand, get comfortable with, or manage your emotions, you'll also struggle to form strong relationships. This in turn can leave you feeling lonely and isolated and further exacerbate any mental health problems.

**Your relationships:** By understanding your emotions and how to control them, you're better able to express how you feel and understand how others are feeling. This allows you to communicate more effectively and forge stronger relationships, both at work and in your personal life.

**Quest on 13:**

Discuss four attributes commonly used in defining emotional intelligence and briefly state its importance. [Dec 23 - 7 Marks (22)]

**Answer:**

**Emotional intelligence is commonly defined by four attributes:**

1. **Self-management** – You're able to control impulsive feelings and behaviors, manage your emotions in healthy ways, take initiative, follow through on commitments, and adapt to changing circumstances.
2. **Self-awareness** – You recognize your own emotions and how they affect your thoughts and behavior. You know your strengths and weaknesses, and have self-confidence.
3. **Social awareness** – You have empathy. You can understand the emotions, needs, and concerns of other people, pick up on emotional cues, feel comfortable socially, and recognize the power dynamics in a group or organization.
4. **Relationship management** – You know how to develop and maintain good relationships, communicate clearly, inspire and influence others, work well in a team, and manage conflict.

**Importance of emotional intelligence:**

As we know, it's not the smartest people who are the most successful or the most fulfilled in life. You probably know people who are academically brilliant and yet are socially inept and unsuccessful at work or in their personal relationships. Intellectual ability or your intelligence quotient (IQ) isn't enough on its own to achieve success in life. Yes, your IQ can help you get into college, but it's your EQ that will help you manage the stress and emotions when facing your final exams. IQ and EQ exist in tandem and are most effective when they build off one another.

**Quest on 14:**

Summarize the concept of emotional intelligence. [Model Quest on Paper Set 2 – Dec 23 – 7 Marks] [MQP\_Set2\_Dec24 – 7 Marks]

Describe the concept of emotional intelligence. [Model Quest on Paper Set 1 – June 24 – 7 Marks] [MQP\_Paper5\_Set2\_Dec24 - 7 Marks]

**Answer:**

Emotional intelligence also known as emotional quotient or EQ, is the ability to understand, use, and manage your own emotions in positive ways to relieve stress, communicate effectively, empathize with others, overcome challenges and defuse conflict. Emotional intelligence helps you build stronger relationships, succeed at school and work, and achieve your career and personal goals. It can also help you to connect with your feelings, turn intention into action, and make informed decisions about what matters most to you.

Emotional intelligence is commonly defined by four attributes

- **Self-management** – You're able to control impulsive feelings and behaviors, manage your emotions in healthy ways, take initiative, follow through on commitments, and adapt to changing circumstances.

- Self-awareness – You recognize your own emotions and how they affect your thoughts and behavior. You know your strengths and weaknesses, and have self-confidence.
- Social awareness – You have empathy. You can understand the emotions, needs, and concerns of other people, pick up on emotional cues, feel comfortable socially, and recognize the power dynamics in a group or organization.
- Relationship management – You know how to develop and maintain good relationships, communicate clearly, inspire and influence others, work well in a team, and manage conflict.

### **Emotional intelligence is important -**

As we know, it's not the smartest people who are the most successful or the most fulfilled in life. You probably know people who are academically brilliant and yet are socially inept and unsuccessful at work or in their personal relationships. Intellectual ability or your intelligence quotient (IQ) isn't enough on its own to achieve success in life.

### **Emotional intelligence affects: -**

**Your performance at school or work:** High emotional intelligence can help you navigate the social complexities of the workplace, lead and motivate others, and excel in your career. In fact, when it comes to gauging important job candidates, many companies now rate emotional intelligence as important as technical ability and employ EQ testing before hiring.

**Your physical health:** If you're unable to manage your emotions, you are probably not managing your stress either. This can lead to serious health problems. Uncontrolled stress raises blood pressure, suppresses the immune system, increases the risk of heart attacks and strokes, contributes to infertility, and speeds up the aging process. The first step to improving emotional intelligence is to learn how to manage stress.

**Your mental health:** Uncontrolled emotions and stress can also impact your mental health, making you vulnerable to anxiety and depression. If you are unable to understand, get comfortable with, or manage your emotions, you'll also struggle to form strong relationships. This in turn can leave you feeling lonely and isolated and further exacerbate any mental health problems.

**Your relationships:** By understanding your emotions and how to control them, you're better able to express how you feel and understand how others are feeling. This allows you to communicate more effectively and forge stronger relationships, both at work and in your personal life.

### **Conclusion**

Business ethics is important to practice good ethical behavior. One of the most formidable challenges is avoiding immoral management, and transitioning from an amoral to a moral management mode of leadership, behavior, decision making, policies and practices. Moral management requires ethical leadership. It entails more than just 'not doing wrong'.

Moral management requires that managers search out of those vulnerable situations in which amorality may reign if careful, thoughtful reflection is not given by management. Moral management requires that managers understand, and be sensitive to, all the stakeholders of the organization and their stakes. If the moral management model is to be achieved, managers need to integrate ethical wisdom with their managerial wisdom and take steps to create and sustain an ethical climate in their organizations.