

TOPIC: ETHICS AND PROFESSIONALISM**Learners must be able to:**

Define/Elaborate on the meaning of ethical behaviour.

Give practical examples of ethical and unethical behaviour, e.g. using fair vs. unfair advertising techniques, etc.

Define/Elaborate on the meaning of professional behaviour.

Give practical examples of professional and unprofessional behaviour, e.g. good use of work time and abuse of work time, etc.

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

Explain how businesses can apply the King Code principles of transparency, accountability and responsibility for good corporate governance to improve ethical business conduct.

Suggest/Recommend ways in which professional, responsible, ethical and effective business practice should be conducted, e.g. payment of fair wages, providing quality goods and services, not starting a business venture at someone else's expense, etc.

Identify the following types of unethical business practices from given scenarios/statements:

Unfair advertising and examples

Pricing of goods in rural areas

Taxation/Tax evasion

Explain how the above-mentioned types of unethical business practices pose challenges to businesses.

Identify the following types of unprofessional business practices from given scenarios or statements:

Sexual harassment

Unauthorised use of workplace funds and resources

Abuse of work time

Explain how the above mentioned types of unprofessional business practices pose challenges to businesses.

Recommend/Suggest ways in which businesses could deal with above mentioned types of unethical business practices.

Term	Definition
Business ethics	Ideas about what is morally correct or not applied in a business situation.
Ethical behaviour	Acting in ways consistent with what society and individuals think are good values.
Business practice	A procedure or rule employed or followed by a business in the pursuit of its objectives.
Professionalism	Describes the internationally accepted standards/expectations that society has of people's conduct and levels of competence in the workplace.
Tax evasion	When a business does not declare all their income to SARS with the aim of paying less tax.
Corporate governance	The exercise of ethical and effective leadership by the board of governors of a business towards achieving good performance, effective control, sustainability and profitability.
Accountability	Holding directors and officials responsible to stakeholders for their decisions and action.
Transparency	Directors and managers are expected to operate in a manner that is easy for stakeholders to understand what actions are performed.
Responsibility	The legal and moral obligation of the business in relation to the economic, social and natural environment within which it operates.

Meaning of ethics

Set of standards of expected behaviour between the employer, employee and business partners.

Set of values that are morally acceptable when conducting business.

Business practices that is acceptable to society/group/ community.

Inherently forms part of the employees' code of conduct.

Focus is on developing a moral compass to use in decision making.

Seeks to avoid harm while promoting benefit to others.

Meaning of ethical behaviour

Refers to acting in ways consistent with what society and individuals think are good values.

Ethical behaviour is expected from every employee in the business.

It means that the highest legal and moral standards are upheld when dealing with stakeholders.

Examples of ethical and unethical business practice

Ethical business practices	Unethical business practices
Using fair advertising Clients and employees information are not used for the benefit of the business. Business deals are conducted openly. Paying fair wages Operating within the law Ensuring that the environment is not polluted. Not engaging in illegal business practices Not using child labour Adopting codes of good ethical practice. Establishing corporative social responsibility initiatives. Encouraging employees to adopt ethical behaviour. Treating all employees equally Shareholders and employees personal interest and business interest do not conflict with one another.	Unfair advertising Pricing of goods in rural areas Taxation/Tax evasion Starting a venture at the expense of someone else Paying employees unfair wages Disobeying the law Using bribery to gain business Engaging in illegal business practices Polluting the environment

Meaning of professional behaviour

Professionalism is the term used to describe a certain standard of behaviour, a specific level of competence and adherence to an ethical code of conduct.

It is behaviour suitable for a job or profession done for payment.

It includes showing respect for others or taking responsibility for your work or performing according to a job description.

Meaning of professionalism

Refers to what is right or wrong and acceptable in a business

Set of standards of expected behaviour.

Applying a code of conduct of a profession or business.

Focuses on developing a moral compass for decision making

Includes guidelines on employees' appearance, communication and attitude.

Examples of professional and unprofessional business practice

Professional business practice	Unprofessional business practice
Using polite language to colleagues. Good use of work time Keeping clients details confidential/Not using clients' information for personal gain. Treating all people the same.	Using rude language Abuse of work time. Discussing clients' information/using clients' information for personal gain. Giving some people special favours. Overstating the number of hours worked. Unauthorised use of business resources.

Differences between professional behaviour and ethical behaviour

Professional behaviour	Ethical behaviour
Refers to what is right or wrong or acceptable in a business.	Refers to the principles of right and wrong and what is acceptable in society.
Set of standards of expected behaviour.	Conforms to a set of values that are morally acceptable.
Applying a code of conduct of a profession or business.	Forms part of a code of conduct to guide employees to act ethically.
Focuses on developing a moral compass for decision making.	Focuses on upholding the reputation of a business or profession.
Includes guidelines on employees' appearance, communication, attitude and responsibility.	Involves following the principles of right and wrong in business practices or dealings.

Ways in which businesses can apply King Code principles for good corporate governance**Accountability**

Businesses should demonstrate responsibility towards all people involved in the business and the community affected by the business operations.

Businesses should be responsible for their actions.

Businesses should present accurate annual reports to shareholders at the Annual General Meeting (AGM).

Top management should make sure that other levels of management are clear about their roles and responsibilities to improve accountability.

Application of accountability

Regular audits should be done to determine the effectiveness of the business.

Auditing and other reports should be available to all shareholders.

Business deals must be open so that there is no question of dishonesty or corruption.

There must be regular communication between management and their stakeholders.

The company should appoint internal and external auditors to audit the financial statements.

The board of directors should make sure that the company's ethics are effectively implemented.

Transparency

Business transactions must be open.

Business policies and processes must be clear and understood by all stakeholders.

Actions must be clear to all stakeholders.

The board of directors must report on the negative and positive impact of the business on the community and the environment.

Application of transparency

Regular audits should be done to determine the effectiveness of the business.

Auditing and other reports should be available to all shareholders.

Business deals must be open so that there is no question of dishonesty or corruption.

Staffing and other processes should be open and transparent.

Employees should be aware of the employment policies of the business.

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 programmes to protect the environment for example, reduce air and water pollution.

Ways in which professional, responsible, ethical and effective business practices should be conducted

Mission statement should include values of equality and respect.

Treat workers with respect by recognising work well done.

Treat all their employees equally, regardless of their race, age, gender or disability.

All workers should have access to equal opportunities.

Plan properly and put preventative measures in place.

Pay fair wages or salaries which are in line with the minimum requirements of the BCEA

Ensure that employees work in a work environment that is conducive to safety.

Refrain from starting a venture using other businesses' ideas that are protected by law.

Engage in environmental awareness programmes and refrain from polluting the environment, e.g. by legally disposing of toxic waste.

Employers and employees need to comply with legislation with regard to equal opportunities and human rights in the workplace.

Businesses should develop equity programmes and promote strategies to ensure that all employees are treated equally regardless of status.

Employers should respond swiftly and fairly to reported incidents of discrimination in the workplace.

Tasks should be given respectfully and allow the employee to have a say in the manner in which the task should be performed.

TOPIC: ETHICAL AND PROFESSIONAL BUSINESS PRACTICE – ACTIVITY

1. Identify the unprofessional business practice illustrated in each of the following scenarios.
 - 1.1 A violation of basic human rights that normally happen when someone in power abuses his/her position, e.g. suggestive behaviour which victimises the worker.
 - 1.2 The director of KNZ Consulting uses the business credit card to pay for personal expenses.
 - 1.3 Employees of Zamu Attorneys spend more time on social networks during office hours than on their duties.
2. Read the scenario and then answer the questions that follow.

NATASHA DÉCOR

The financial manager of Natasha Décor ensures that value added tax (VAT) is paid over to SARS on time. Employees are paid according to the amount of effort and time spent at work. Natasha Décor does not use identical ideas from their competitors to benefit their own business.

List the **THREE** ways in which Natasha Décor conduct business professional, responsibly and ethically. Quote from the scenario to support your answer. Use the table below to present your answer. (9)

BUSINESS PRACTICE	QUOTE FROM SCENARIO
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3. Name **THREE** unethical issues that may pose challenges to businesses. (3)
4. Read the scenario below and answer the questions that follow.

RA PAINTS (Pty) Ltd

RA Paints (Pty) Ltd is a local paint factory in Centurion. Ralph and Andrew are the only directors. They make use of misleading statements in advertising leading to misrepresentation of the concerned product, which may negatively affect consumers. Peter, the truck driver, does not always return to the factory after making deliveries. The company does not declare all its income to SARS. Peter also uses the truck for private trips.

- 4.1.1 Quote **TWO** unethical business practices from the above scenario. (4)
- 4.1.2 Recommend a strategy to deal with **EACH** unethical business practice identified in question 4.1.1. (4)
- 4.1.3 Quote **TWO** unprofessional business practices from the scenario above. (4)
- 4.1.4 Recommend a strategy to deal with **EACH** unprofessional business practice identified in question 4.1.3 (4)
5. Recommend ways in which professional, responsible, ethical and effective business practice should be conducted. (10)

6. Read the scenario below and answer the questions that follow.

BEN COMMUNICATION

Andrew is a manager at Ben Communication. He wants to have an intimate relationship with Sue in exchange for a promotion. Andrew also uses the company's petrol card for personal trips. Andrew's senior manager has noticed that he takes long lunch breaks.

- 6.1 Quote **THREE** unprofessional business practices from the scenario above. (3)
- 6.2 Identify the type of unprofessional business practice for **EACH ONE** quoted in question 6.1. (6)
- 6.3 Recommend **ONE** strategy that Ben Communication could introduce to deal with **EACH** type of unethical business practice identified in question 6.2. (6)
7. Read the scenario below and answer the questions that follow:

Compu Solutions (Pty) Ltd

Compu Solutions specialises in the manufacturing and repairing of computers. The company uses second hand parts as new for repairs. Some of the clients have complained about malfunctioning of PC buttons and poor quality of batteries. Compu Solutions has employed qualified and competent employees who refuse to accept ideas from others. The company has decided to request the services of an expert to solve their problems.

- 7.1 Identify the unethical business practice from the above scenario. (2)
- 7.2 Explain the reasons why taxation and pricing of goods in rural areas are regarded as an unethical business practice. (4)
- 7.3 Suggest **TWO** ways Compu Solutions can use to address each of the unethical practices mentioned in QUESTION 7.2. (8)
8. Give **FOUR** examples of unfair advertising. (4)
9. Explain to management how they can apply the following King Code Principles:
- 9.1 Accountability (8)
- 9.2 Responsibility (4)
- 9.3 Transparency (8)