

TOPIC: ETHICAL & PROFESSIONAL BUSINESS PRACTICE MEMORANDUM

- 1.1 Sexual harassment
- 1.2 Unauthorised use of workplace funds and resources
- 1.3 Misuse of working hours

2. Natasha Decor

BUSINESS PRACTICE	QUOTE FROM SCENARIO
Regular payment of VAT√√	The financial manager of Natasha Décor ensures that value added tax (VAT) is paid over to SARS on time.√
Payment of fair wages√√	Employees are paid according to the amount of effort and time spent at work.√
Not starting/operating a business at the expense of some-one else√√	Natasha Décor does not use identical ideas from their competitors to benefit their own business.√

- 3. Unfair advertising Taxation
 Pricing of goods in rural areas (3)

4.1.1 Unethical business practice	4.1.2 Strategies
The company does not declare all its income to SARS√√	There must be internal audits as well as external audits for the company√√ The business should set a culture of corporate integrity√√
They make use of misleading statements in advertising leading to misrepresentation of the concerned product, which may negatively affect consumers.√√ (4)	Consumers must report unfair advertisements to the Advertising Standards Authority.√√ Business should be encouraged to keep their advertising fair and in line with the constitution.√√ (4)
4.1.3 Unprofessional business practice	4.1.4 Strategies
Peter does not always return to the factory after making deliveries√√	Disciplinary actions on the misuse of time√√ A book to sign in and out√√
Peter uses the truck for private trips√√ (4)	The business can install a tracking devise in the truck√√ The business can record the kilometres of the truck in a log book√√ (4)

5. Ways in which professional, responsible, ethical and effective business practice should be conducted

Businesses should treat all their employees equally, regardless of their race/colour/age/gender/disability.

Mission statement should include values of equality/respect.

Treat workers with respect/dignity by recognising work well done.

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

All workers should have access to equal opportunities/positions/resources.

Plan properly and put preventative measures in place.

Ensure that employees work in a work environment that is conducive to safety and fairness and free from embarrassment.

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

Engage in environmental awareness programmes./ 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 / human rights in the workplace.

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

Business policies should include issues such as diversity/ discrimination/harassment.

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

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

6.1 Unethical practises	6.2 Types	6.3 Recommendations
He wants to have an intimate relationship with Sue in exchange for a promotion.	Sexual harassment	Implement internal complaints and disciplinary procedures. Educate employers on sexual harassment matters. Formulate a policy regarding sexual harassment. Create a good working environment where all employees' rights and dignity are respected. Internal investigation should be made in order to determine the seriousness of the harassment. Serious cases on sexual harassment should be reported to the appropriate institutions such as the South African Police Services (SAPS). Ensure compliance with the law/business code of conduct.
Andrew also uses the	Unauthorised use of	Conduct regular audits.

company's petrol card for personal trips.	workplace funds and resources	Identify risk areas. Limit the number of employees having access to business funds/assets. Implement fraud prevention strategies. Educate employees about the impact of fraud. Fraud prevention should be a collective responsibility of business and workers. Clear policies should be in place so that employees are aware of what is considered to be fraud. Set up systems in the organisation for the reporting of fraud and corruption.
Andrew's senior manager has noticed that he takes long lunch breaks.	Abuse of work time	Speak directly to those employees who abuse work time. Code of conduct/ethics should contain clear rules about abuse of work time. Conduct training on the contents of the code of conduct/ethics. Code of conduct/ethics should be signed by all employees so that they are aware of its contents. Monitor employees to ensure that tasks are completed. Structure working hours in such a way that employees have free time for personal matters.

7.1 The company uses second hand parts as new for repairs. √√ (2)

7.2 Taxation

There are businesses and individuals that do not declare √ all their income received to SARS.√

They do it by evading tax√ where businesses intentionally not declare all profits to SARS.√

Some businesses buckle under the challenge of charging VAT√ but not to declare all VAT received from customers.√

Pricing of goods in rural areas

Some businesses in the rural areas exploit their customers√ by adding much more than necessary to their prices.√

Some consumers in rural areas have little economic power√ and are vulnerable to exploitation.√

Business may form monopolies in rural areas√and increase their prices unilaterally.√

It may be common practice√ to pay higher prices for goods of inferior quality in rural areas.√

(Max = 4)

Recommendations: Taxation

The business must be familiar with the latest changes in tax laws to avoid penalties.√√

Accurate accounting of all income and expenses so that tax evasion can be avoided.√√

Deduction of personal income tax from employees regarding the progressive tax system must be accurate and regularly and timeously paid to SARS.√√

VAT should be charged on specified items and VAT statements must be completed accurately and timely submitted to SARS together with the payment of the tax.√√

Recommendation: pricing of goods in rural areas

They may lobby with other businesses in the area to convince the government to improve infrastructure in the rural areas.

Charge market related prices for goods and services.

Avoid unethical business practises to attract customer loyalty.

Investigate cost effective ways of transporting products.

Work together with suppliers to share delivery costs to remote rural areas. **(Max = 8)**

8. Giving goods deceptive names or false labelling.

Selling second hand goods as new goods.

Exaggerating the merits of the product or false promises.

Using fine print to conceal important information.

Criticising competitor's goods.

Advertising that encourages violence.

Advertising goods at a very low price to attract customers but when the customer reaches the store the item is no longer there

9.1 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.

9.2 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

9.3 **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

