However certain factors must be thoroughly looked upon, certain ethical issues th...

Education, Discipline

Business Ethics

Q1. Insider Trading can be defined as any price-sensitive and confidential knowledge and information that can give an unfair advantage to a an individual or an entity when selling and buying shares belonging to a publicly traded company.

Machan (2003) states that " There seems to be no end to how fiercely commercial success is demeaned among many of those who preach and reflect upon morality." In his opinion, a clear cut definition of the term ' fair' should be decided upon. Insider training is immoral, because it essentially does provide one with prosperity by playing on others fortune. However, it does not mean it isn't fair, if carried out in the right manner. E. g. thieves are fair when they distribute loot amongst each other equally, even though they can be called immoral delinquents. Insider trading carried out properly isn't unfair per say; it's unethical.

The following are included as the civil consequences of Insider trading, as per the U. S. C (15 USC § 78u–1 – " Civil penalties for insider trading"):

- Amount of penalty for person who committed violation

The amount of penalty is to be decided by court but should not exceed three times the amount of the profit gained

- Authority of Commission

The Commission, by such rules and regulations as it would deem approriate or necessary in the public interest or to protect investors, may leave out, either completely or partially, either conditionally or unconditionally, any particular person or class of people or any transactions from this section.

Q2. As is decreed by auditors themselves, the practice of auditing is supposed to adopt and uphold the Code of Ethics. The code expects auditors to apply certain ethics, namely, Integrity (trust must be established, in order to provide a sense of reliance), Objectivity (professional objectivity must be established when gathering, evaluating, and communicating information) Confidentiality (value of information must be respected and information must not be disclosed), Competency (knowledge and skills related to financial reporting must be applied properly.

The regulation of audits has experienced numerous shifts ever since audits first were made a part of corporate regulation. It is usual for such changes to take place after a large corporate crisis - particularly, those failures that tend to get noticed publicly. These failures are often linked to audit failure and cause a reaction in all parties involved. These reactions then further cause a change in regulation.

In order to prevent these failures, an ethical perspective must be gained. It must be ensured that auditors follow the four basic auditing principles. Apart from educating proper practice, the following can also be done:

It is believed that the best way to ensure audit quality is to improve the legislation and/or regulation of the market for audit services (e. g., Ramsay). The Corporate Law Economic Reform Program (‘ CLERP 9’) proposals are a classic example of regulation in attempts to obtain higher levels of independence.

Provided the potential inefficiencies and the requirement to overlook the ‘ unobservable’ proceedings of an audit, need for higher-level review(which should be undertaken under the surveillance of the FRC) to be highly transparent is felt.

The teaching of ethics can not only pertain to practical teaching, but also lessons related to morality. Moral courage is necessary for auditors when they are to, for lack of a better term, stand up against domineering CEOs who propose an indulgence in unethical behavior and, ultimately, corruption.

Q3. ‘ Creative work’ carried out by professionals has its value protected rightfully under the copyright law. Infringement of Copyright Law is defined as piracy . The 21st century has given rise to internet piracy, where unlawful copies are made of songs, videos and other forms of media, and then made open to the general public to download, without any fee, of payment.

With this new issue, the US government passed 2 bills to curb such acts; Protect Intellectual Property Act, or PIPA, within the Senate, and the not so different Stop Online Piracy Act, or SOPA. Ever since these bills have been drafted, a lot of debate has taken place, a lot of debate has taken as to what impact these bills will bring about for the internet industry. More concern is brought about due to certain loopholes such as the fact that these bills “ Eliminate Business Certainty for U. S. Internet Firms” and that they “ Expose lawful U. S. firms to liability without due process”.

I feel that these sites should be allowed to function, as they go against the very basic Internet right of free access. SOPA and PIPA threaten the functioning of a multimillion dollar internet industry, and this is recognized by members of the same House that drafted these bills in the first place.

Q4. In international law, there is no hard and fast rule that companies are responsible for their internationally wrongful acts . It is the governments who however can be called responsible for wrongful acts being performed by businesses based domestically, and functioning in the world environment. It is also the responsibility of these governments to enforce certain regulations on organizations operating within its country.

Where moral obligations, no such stated regulations are placed as per any international law, or by local governments. Businesses, with particular reference to multinational companies, can be considered as free riders. They must however, contribute to a global common good, such as establishing a hospitable global environment. But in certain situations, in order to compete with global competition, do not contribute to this cause. And those who do contribute, see their efforts will fail. Hence, when others do not comply towards performing their duty, it can be established that multinationals are not obligated to perform moral obligations.

So, in conclusion, where legal obligations cannot be ignored, and the regulations are supposed to be adhered to, moral obligations can be exempted from.

Q5. Distributive justice can be seen as the norms in a certain culture or certain environment that set forth how the economic productivity of that culture is to be distributed amongstits members. Distributive principles tend to vary in numerous dimensions. It evaluates the outcomes and results of a business relationship. If some employees feel that they are undervalued in comparison to their co-workers, then they are concerned with distributive justice. However, this justice is difficult to implement, if a member of the business exchange takes advantage of this relationship. A boss making an employee do more work so that he can take some time off, is seen as unjust and causes an imbalance in distributive justice. It is this very justice that contributes to directing an organizational morally; making sure that employees pertain to the rules and regulation of business proceedings, so as to fuel internal development.

Q6. Sustainability ethics have stemmed out from environmental ethics. The concept was brought about by The World Commission on Economic Development around 1987. The commission set forth the conceptual framework for planned and coordinated action, suggesting that all nations may have a stake in supporting economic development, but of a different kind: sustainability. It proposed that sustainability be made an integral framework, in which social equity, economic development, and environmental protection are seen as undeniably related goals .

Sustainability has become a part of, and is now directly concerned, with virtually every existing sector of the human society. It faces more popularity and support as compared to environmental resource conservation as it directly focuses on human needs, and also because it provides a positive perspective for the betterment of the human family. Looking at this concept form a motivational perspective, only a handful of people are inspired by the mindset of changing one's self to reduce the harmthey are causing to the environment. In contrast, sustainability promotes a framework making positive change.

Q7. Capitalism refers to a political and economic system in which a country's industry and trade are regulated by private owners for gains in profit, rather than by the government (Oxford Dictionary).

Social Justice can be defined as complete and just participation of all groups present in a community, where individuals are safe, interdependent and selfdetermining. It is necessary to be aware of and comprehend societal diversity, however true equity arises from advocacy education, and accountability.

However, Social Justice is detrimental to capitalism. Social justice pertains to the domestic population having an equal say in the economic development of a country. Capitalism in essence encourages the notion of hard work, but in reality, the individuals running a business tend to reap more benefits at the expense of workers who in fact bring about the profit within an organization.

It can be argued that capitalism brings about a sense of innovation, as private parties are free to produce as they deem necessary. But with a lack of central control, the working class is taken advantage of. Hence social justice, it can arguably be said, cannot be entertained in a capitalist or neo capitalist society.

Q8. Countries like the United States recognize the issue of climate change, particularly the effect of greenhouses houses, and having acted towards the correction of this issue. An example can be taken from the many regulations put forth by the Obama administration to curb CO_2 production in industries.

- Whether the cost that has to upheld by national economies is worth the extra financial strain or not.
- What is the ethical significance of drawing conclusions on the issue in the face of scientific uncertainty
- The role of certain parties in playing an important role in climate change:
- The government

- Free state actors, and non-government organizations
- Independent individuals

These are certain ethical issues that pose barriers to the US and other nations when taking action on climate change and regulation of emission of greenhouse gases.

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