

# Good example of fraud essay

[Business](#), [Company](#)



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## **Philosophy**

### Introduction

Ethical behavior is an essential requirement in any activity. All Individuals have a responsibility to perform their activities in a professional manner within the acceptable moral ethics. Ethical standards are upheld both in the national constitution and corporate constitution of any company. Any individual or corporate that violates any outlined ethical law is liable to prosecution in civil and industrial courts. Ethical misconduct in the company range from inappropriate dressing, corruption, nepotism, racial discrimination and many other ethical frauds. To safeguard the reputation of an organization against a fall out with the society, the culprits should be held accountable for their mistakes and punishable for defaming the organization. In the current century, cases of corruption, nepotism and fraud have invaded large corporations, which have negatively affected their market value. (Audi, 2009)

For instance, most international companies have had the reputation of oppressing the work force of the host country by denying them necessities

required in the work place. Moreover, they exercise their notoriety in evading tax payments as required by law. This unethical practice results in the companies gaining through unethical means.

Kevin Coleman, a former CEO of Connecticut Company was sentenced for 70 months and three years of supervised release for embezzling \$1.7 Million from the company's accounts. He had used part of the amount to cater for his personal expenses and avoided filing income tax returns with the federal department. This is a case of fraud and tax evasion that depicts the unethical practices that high ranking officials perform at the expense of the company and its investors. This situation could be attributed to the principal-agent problem, where the principal owner does not fully control how the employees are operating due to asymmetrical information. Such practice underscores the importance of accountability and integrity in any organization. (IRS, 2012)

## **Nepotism**

Another case of unethical practice in corporations is nepotism. Leaders are obliged to uphold fairness and impartiality in their positions when hiring employees to enhance the effectiveness in the companies. Unfortunately, even senior government officials have ignored the directive and employed their relatives with intent to hide their corrupt deals. However, some private companies argue that hiring relatives enhance loyalty in the business. As portrayed in many organizations, nepotism is the mother of fraud in most companies. For instance, Yale express, a US delivery company collapsed within a five years due to fraud by close relatives employed in the company.

Therefore, despite its impact in loyalty, nepotism should be avoided since it denies companies skilled people to run its activities. (Flynn, 2008)

## **Loyalty**

In another ethical standard that has always created a dilemma in the corridors of justice is ' Whistle blowing' by an employee. This involves an employee who raises the alarm over corrupt deals by junior or senior employees in a company. Ethically, an employee is obligated to be loyal and trustworthy to the company's affairs at all times. However, this standard is ambiguous in highlighting circumstances under which the code can be violated. Whistle blowing is forming of disloyalty by employees thou it is essential in exposing unorthodox acts performed by employees in any company. For instance, in Bundaberg, Tom wrote to the District health manager about negligence exercised in Dr. Jayant Patel's treatment that resulted in death. However, bureaucracy and corruption have hindered the progress of the case. Whistle blowers should be impartial and thus deserve protection from the state for risking their lives and careers to expose the unethical practices. (Keenan, 2000)

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