

Professional ethics



The Chief Financial Officer and the CEO must outlay their responsibilities for each of these situations and prepare a program for implementation to improve corporate culture. 2 Responsibility as Chief Financial Officer 2. 1 Misrepresent products that come from environmentally irresponsible sources as environmentally friendly; Misrepresenting products is a serious act of unethical behaviour and can lead to some harsh consequences. Weighing up the advantages and disadvantages will give us a clearer insight of what is expected to come if this behaviour is to be followed through with.

Some of the reasons why misrepresenting products would be beneficial include: * Improving the bottom line using synthetic goods and cutting costs * Perceived as an environmentally friendly organisation The potential risks involved for this unethical behaviour include: * Large fines for false misrepresentation of products * Reimbursements for any damage done * Community service or prison time depending on sentencing in the court of law * Loss of trust and respect from existing or new potential customers Misrepresenting products can be backtracked to the marketing sector of the business.

Vitell and Grove (1998) state that, “ marketing is a focus of concern which is particularly vulnerable to criticism with respect to unethical practises” (p. 433). Therefore as my duty of chief financial officer, notifying this unethical behaviour which has radical ramifications to the chief executive officer has greatest precedence, along with the financial distress that this issue has the capability of causing, which has been calculated to be closing of business

operations, thus bankruptcy and potential prison time, as a maximum. 2. 2

Bribe officials of a foreign government;

Bribery to a foreign government is a means to provide short term gains, despite its long term backlash and large scale risk. Pith (2010) states that bribery can lead to “ legal and financial danger, not to mention the damage that could be done to their reputations” (p. 59).

The profits made within the organisation will be streamed to corrupt officials of foreign governments instead of shareholders, and as profits continue to rise within the organisation, so will the greed of foreign corrupt officials in order to continue operations abroad.

This can directly affect shareholder confidence within the organisation once the media are made aware of the corruption, and thus, lead to large scale investigations held by governing bodies. Some examples of consequences include “ heavy fines, hand down prison sentences and bar the company from lucrative public procurement contracts” (Pith, 2010, p. 59).

Keeping the future of the company alive from by retaining shareholder confidence is first priority.

Shareholders provide the organisation with an enormous investment potential and is a core link for the organisation if international growth is on the agenda. 2. 3 Mislead the audit committee; Misleading the audit committee is not in the organisations best interest. As chief financial officer, it is my responsibility that our financial reporting contains honesty and integrity.

Third party auditing will be hired to provide this professional service in an attempt to “ raise the standards of corporate accountability and governance by improving the quality of financial reporting” (Wolnizer, 1995, p. 5). Third party auditing will allow no obstruction or hindrance to exercising independent judgement and making sure that there is “ fair reporting to shareholders and other third parties” (Wolnizer, 1995, p. 47). The handover of these activities will permit honesty and integrity within the organisation: *

- Review of all financial statements *
- Review existing accounting policies *
- Review systems of internal control *
- Evaluate exposure to fraud *
- Review all significant transactions 2.

Ignore important internal controls; As chief financial officer of the organisation, it is imperative that internal controls are being followed by all staff in order to prevent or detect fraudulent activities. These internal controls include policies and process, how resources are directed, monitored and measured and risk management. Policies must be drawn up and revised annually within the organisation, as internal controls are the backbone of an organisation to minimise pitfalls and surprises.

Policies are designed and are passed onto the CEO for authentication for appraisal, and then implemented within the organisation.

When internal controls are ignored, consequences that could cost the organisation millions of dollars are an instance of risk. Looking at a journal article, Watson (2006) stated that “ a weakness in internal governance procedures at NAB combined to create an environment where four currency

options traders were able to lose the bank over \$326 million in just three months”.

According to the article, the NAB had a terrible internal risk management system which failed to detect irregular trading activity. 3 Responsibility as Chief Executive Officer 4. 1 Misrepresent products that come from environmentally irresponsible sources as environmentally friendly; Misrepresenting products is a direct way of deceiving the public eye, who is in fact one of the most important stakeholder within the organisation. The authority must be passed down from this position to correct this marketing dilemma.

Unwanted media attention for acting unethically must have the highest priority if this organisation wants to survive. Acting ethically in relation to the product line the organisation supplies and becoming a good corporate citizen is of best interest. The consumer and the public eye are the ultimate source of business existence and their ability to make profit. Without the trust and loyalty of the public which is earned over time, the organisation will find itself struggling to open its doors week in and out.

Acting ethically with relation to presenting products the way they are manufactured will have positive public relations.

More and more companies are making headlines for all the wrong reasons, which is an aim the organisation would like to repel. Fitzpatrick (2000) states that “ recognizing the importance of positive public opinion to their ability to operate successfully, more and more companies are taking actions intended to reflect a commitment to social responsibility and to win public support” (p. <https://assignbuster.com/professional-ethics/>

92), bringing us to the conclusion that consumers buying decisions are influenced by a company's social reputation. 4. 2 Bribe officials of a foreign government; The act of foreign corruption within the organisation must be ceased, as this form of unethical behaviour can attract, like other unethical behaviour, unwanted negative attention. This form of unethical behaviour must have proactive action in order to cease any appearance, coming straight from the highest level of management, the chief executive officer.

The CEO must take responsibility, relevant action, and lead by example to set a direction for future ethical behaviour for members of the organisation. Dr Gleeson (2010) states that management “ must create and sustain a legal and ethical culture throughout the organisation” (slide 5). In a journal article relating to a major resource company BHP Billiton, the CEO Marius Kloppers reminds staff that “ we will thoroughly and fairly investigate these matters, as we would any other possible breach of law or the code, and take whatever action is appropriate at the conclusion”, referring to “ tea money” graft scandal in Cambodia. Mr Kloppers wants BHP to continue to work consistently and with proper business conduct as is stated in their company's code and charter.

4. 3 Mislead the audit committee; It must be made clear that the CEO has no intentions of misleading the audit committee as this unethical practise can lead to future catastrophe, on a national and international level such as previous energy corporation Enron. The CEO's primary responsibility is to operate the organisation with the shareholders best interest.

Between the shareholders and the CEO is the board of directors, whom in fact represent the shareholders and their best interest.

Therefore, clear notification from the CEO to the board of directors of a future third party auditing must be clear and present. If there is a material change in the organisations profits coming from the audit, then relevant stock exchanges must be notified to inform current shareholders that future share holder value will undoubtedly vary. 4. 4 Ignore important internal controls;

Policies and procedures drawn up from the chief financial operator and the rest of his team must be reviewed and signed off for implementation, as to allow proper internal control within the organisation which will dictate how day to day operations will be fulfilled. Following internal controls is a task that must be followed by all employees in the organisation, including all the way to the top level from CEO. By actively following internal controls, employees down the chain of command will follow the example and feel obliged to do so.

The organisation “ can only manage risk if their employees manage risk.

No amount of words or procedures can force individuals to manage risk if they do not operate in an environment that actively encourages participation in the process” (Campbell, 2005, p. 68). Thus, leading to believe that leadership and setting an example, which must come from this position at the very top within the organisation, is a primary role that must fulfilled.

4 Ethical program to improve corporate culture The guidelines listed below have been heavily researched in order to gain an ethical advantage against other organisations that fail or intend to act unethically.

I. Misrepresenting products through an unethical marketing scheme can be forced shut using a website that evaluates products based on a ten point scaling system for health, environmental and social impact. This website is known as GoodGuide. com and their objective is to “ set out to systematically rate thousands of consumer products and their manufacturers on how good they really are “(Neff, 2009, p.

1). This online organisation has rated over one hundred thousand products to date and is growing in awareness around major marketing firms.

II. Foreign bribery can be outlawed by trading within the member countries that have signed up with the Organisation for Economic Cooperation and Developments (OECD) Anti Bribery Convention. OECD currently has 33 member countries that has constant regulation by the convention, and current reports show that: 148 individuals and 70 entities were criminally sanctioned for foreign bribery in 13 of 38 member countries from 1999 through 2009. At least 40 of the sanctioned individuals were sentenced to prison, and combined fines of up to 1.

4 billion Euros were imposed on companies for foreign bribery. Notably, there are approximately 208 ongoing investigations in 21 member countries (Rao & Ori, 2010). III. Lowering bottom line quotas will release some of the pressure created within the organisation, creating a far less stressed environment where employees and executives are able to perform ethically.

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A company can continue to acquire suitable profit margins and keep their staff with higher moral and motivation and maintain sustainability in the wider community.

This must be an ongoing process, as one negative media headline could be that all it takes to lose the organisations reputation as an ethical corporate citizen. IV. Restructuring the organisation to a decentralized configuration can provide benefits that will indirectly allow the organisation to perform ethically and provide a competitive advantage. Some benefits include: *

Improving communication between all levels of the organisations allowing for more efficient decision making.