

# Business ethics and corporate governance assignment

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“ What is the right thing to do in this situation? ” Ethics involves an active process of applying values, which may range from religious principles to customs and traditions. What is business ethics? Business ethics focuses on what constitutes right or wrong behavior in the world of business. Corporate business executives have a accessibility to their shareholders and employees to make decisions that will help their business make a profit. But in doing so, businesspeople also have a responsibility to the public and themselves to maintain ethical principles. Although ethics provides moral guidelines, individuals must apply these guidelines in making decisions. Ethics that applies to business (business ethics) is not a separate theory of ethics; rather, it is an application of ethics to business situations. Although all people have ethical responsibilities, higher ethical standards are imposed upon professionals who river as social models, such as physicians, attorneys, and businesspeople. 2 The Relationship Between Law and Ethics The law is an expression of the ethical beliefs of our society. Law and ethics are not the same thing. The question, “ Is an act legal? ” is different from the question, “ Is an act ethical? ” The law cannot codify all ethical requirements. Therefore, an action might be unethical, yet not necessarily illegal.

For example, it might be unethical to lie to your family, but it is not necessary illegal Similarly, just because an act is illegal does not necessarily mean it is immoral. Roots of Kinematical Behavior Personal Ethics Decision-Making Processes Organizational Culture Leadership unrealistic Performance expectations Primary Psychological Traps Personality Traps Defensive Psychological Traps Greed Corruption 3 04\_05-2014 unethical Business

practices (I) With Respect to Customer: A code of conduct is framed by Council for Fair Business Practices (CUFF) for its members.

The following are the highlights of code of conduct of CUFF: To charge fair and reasonable prices. To ensure accuracy in weights and measures. To ensure that intermediaries do not manipulate the prices. To fulfill social responsibility towards various sections of the public such as employees, customers, shareholders, government, suppliers, competitors, dealings, and the general public. To pay attention to consumer rights. To provide product warranty in clear terms Not to engage in hoarding and profiteering.

Not to adulterate the goods. Not to trade in sub- standard products, and also smuggled products. Not to undertake misleading and deceptive advertisements. 4 Importance: Standard of behavior True North Principles to lead a Business How Ethics Can Make Corporate Governance More Meaningful? Corporate governance is meant to run companies ethically in a manner such that all stakeholders - creditors, distributors, customers, employees, the society at large and governments are dealt in a fair manner.

Good corporate governance should look at all stakeholders and not just shareholders along. Otherwise, a chemical company, for example, can maximize the profit of shareholders, but completely violate all environment laws and make it impossible for the people around the area to lead a normal life. Corporate governance is not something which regulators have to impose on a management, it should come from within. There is no point in making statutory provisions for enforcing ethical conduct. 4.

There is a lot of provisions in the companies act, for example, in dealing with the following issues: (1) disclosing the interest of directors in contracts in which they are interested; (2) abstaining from exercising voting rights in matters they are interested; (3) statutory protection to auditors who are supposed to go into the details of the financial management of the company and report the same to the shareholders of the company.