

Ethics and business

Business



Ethics and Business Ethics are the moral standards of conduct that society uses to judge human behavior. Ethics span around many careers and fields since they guide the people in different operations. Without professional codes of conduct, people in various fields will not work efficiently and effectively as they will not have any rules to govern and control their operations. One field in which ethics are applied is in the field of business spanning from accounting to auditing. Ethics and professionalism are currently applied in various organizational settings and in many emerging issues of the business world. It is necessary for businesses to be governed by ethics, but this is a two way traffic affair since accounting and auditing standards also impact on ethics. Apart from these two business tenets, emerging issues and the business environment also have an effect on the ethics of business operations (Houghton, 2005). Business ethics refers to the moral rules and codes of conduct that govern business procedures. These rules also govern the manner in which business managers make decisions concerning organizational matters. Ethics and regulations in the business are related because ethics govern the manner in which business regulations are done. Therefore, regulations in business impact on ethics because when establishing business ethics of a particular company, the management puts into consideration the regulations that may arise in the course of business procedures. For example, the day to day running of the business enterprise requires that managers and supervisors regulate the functions of different workers and the manner in which the organization conducts business with other companies. This has to be governed by ethics or else there impartiality in the business regulations will be lacking. Failure to conduct regulations with no ethics in place may lead to unfavorable results in the business operations.

Managers are expected to stick to the required moral standards without subscribing to cronyism, favoritism and tribalism (Houghton, 2005). The establishment of business ethics is also affected by accounting since the accounting profession requires that noteworthy ethics are in place.

Accounting ethics are established for accountants who are in high ranking corporations so that they can perform their duties with utmost integrity, transparency and honesty. Whenever accountants do not act in an ethical manner or when they violate principles of conduct and ethics, business shareholders are likely to be harmed. This will terminally lead to business mal-performance and collapse. Therefore, it is important for businesses to ensure that ethics are established in a manner that is in tandem with the accounting procedures of an organization. The challenge that faces the establishment of ethics in accounting is when personal ethics and business ethics conflict (Spencer, 2009). Many accounting corporations have got a bad reputation in their business operations just because of the manner in which they conduct their operations. Money generation is not wrong in any business setting, but the manner in which accounting firms makes the money matters since there are questions on ethical behavior by society. Therefore, proper ethics are important in accountant since accountants are sensitive to matters concerning their clients, for example, account numbers and matters on social security. As a result of following the business ethics, accounts will have considerable power in matters concerning their clients, and this will protect the clients from external aggressors. The consequence of this will be that the accounting firm will prosper and continue to flourish. Without applying ethics in accounting, many negative consequences are likely to result in a business organization. For one, a lag in business in the <https://assignbuster.com/ethics-and-business/>

business procedures can occur. Secondly, when news go around concerning poor business ethics in an accounting firm, prospective clients are likely to be swayed away from the accounting firm (Spencer, 2009). The focus of business ethics on accounting has been enhanced in the current world so that many accounting organizations in America have published accounting codes of ethics. Two such organizations, the American institute of Certified Public Accountants (AICPA) and the Institute of Management (MIA) have all published codes of ethics for all their members. Auditing standards are also expected to subscribe to ethical standards in their business operations so that success can be realized. The International Standards on Auditing govern the performance of all financial audits in various corporations. If an auditor does not follow professional codes of conduct, he is likely to give wrong and inaccurate financial figures which would impact negatively on the manner in which the public views the business organization. Most financial audits are conducted on large organizations and public sectors. Failure to stick to professional codes of conduct would lead to generation of wrong values which may mislead major stakeholders and the public as a whole. It is, thus, important for financial auditors to adhere to the required auditing guidelines and practice honesty and truthfulness. Organizations that do not follow ethics efficiently and effectively need to be suspended or terminated so that business performance is not affected. The contemporary business world is dynamic in its manner of operation. In order to counter this business dynamism, it is necessary to have ethical guidelines. Businesses are like members of the society since they interact with people and impact on the environment. All these changes in the business environment, thus, need to be governed by business ethics (Kaplein, 2009). References Houghton, T. C. <https://assignbuster.com/ethics-and-business/>

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