Judgment, clarity and conflict

Business

In any business organization there are codes of conducts that should be followed by all the parties involved in it.

This includes employees, employers and even the customers of the business organization. This essay is going to look at the terms judgment, clarity and conflict of interest as used in accounting in a business organization. In accounting the term judgment is used to mean the determination done by an auditor, which is based on familiarity and personal experience with his or her client, of the amount of items or the particular items that are to be examined from a group. This enables him to maintain thoroughness and objectivity in the testing for accuracy in the sampled items. A judgmental sample can only be appropriate when a definite part of the universe is under inspection or appropriate information is needed. The sampling of the items is not done on randomly; also sampling errors are neither necessarily determined nor statistical conclusions on confidence levels or precision (1).

Clarity is very important in business, especially in business writing which for a long time has been a den of verbosity and empty phrasing. This sometimes leads to the loss of meaning along the way. This is not good for a business that relies on more quick written communication. Clear writing is therefore needed as it makes a good impression of the business. Clarity helps accountants to build their credibility and increases their value as employees. To this they should be concise, the fewer words they use in conveying their point, the clear and faster the message will sink the targeted group.

They should minimize the use of jargons. Use of acronyms or technical terms can be useful in passing across a point, but this will depend on who is going to read it, if they can not comprehend unfamiliar terms or abbreviations, then the point might get lost as they struggle to understand the terms. Therefore jargons should be minimized and if used, they should be explained for clarity. Accountants should proof read through their work to avoid errors of omission and commission that can lead to major loses to a business or cause customer distrust in the business (2). In a business employees have their duties to carry out in good faith, their responsibilities with clear and genuine regard to the best interests of the business.

A conflict of interest or a possibility of a conflict of interest may come about between the employee's business or personal interests and his or her responsibilities to the business. If this adversely influences his or her judgment in regard to his or her job obligations, or culminates into some financial gain or has a potential of financial gain to the employee or to a member of his or her family, then a conflict of interest arises. Conflict of interest can occur or appear to occur in range of situations such as; personal interest in a transaction. Employees have a duty to conduct business under the guidelines that avoid actual or potential conflict of interest. This can happen if an employee is in a position in which he or she can influence a decision for personal gain or the gain of a relative in a company's business dealings or in a situation that makes it difficult for the employee to carry out his or her duties. Also a conflict of interest can occur if a company discovers that an employee is engaged in other outside work that interferes with the company's performance plus many more cases that can cause conflict of interest (3).

As it has been outlined, the term judgment as used in accounting means the determination of an accountant of the number of items, either in monetary terms or commodity terms, to be examined and a decision made on them. Clarity on the hand means the keeping of clear and authentic records of information for easy and faster carrying out of duties. Conflict of interest comes about when an employee's activity comes in between his or her interest and the duties of the company.