

Business and accounting ethics



Topic: Ethics Article Review Summary: The article; Business and Accounting Ethics seeks to highlight the moral duties and responsibilities of businesses with a special focus on the accounting facet. It's true that businesses exist to make money. However, greed should not govern business practices. For their long term viability it is imperative that businesses carry out their activities in an ethical manner which is acceptable to the society. Whether ethics is derived from religion, traditions or culture there are always some universally acceptable and desired ethical practices. The main purpose of business ethics is to maintain a code of conduct which reinforces consumer confidence in the business. The American Institute of Certified Public Accountants (AICPA) has put down ethical guidelines for accounting. The AICPA's first principle of professional conduct states: " In carrying out their responsibilities as professionals, members should exercise sensitive professional and moral judgments in all their activities."

The Golden Rule is this that one should live their life with integrity and bearing a sound moral character. Success cannot be measured by the acquisition of money only. A 1987 survey of corporate executives administered by Touche Ross revealed that two thirds believed that high ethical standards improve a firm's competitive position but felt that " increased concentration on short-term earnings" and " decay in cultural and social institutions" are major threats to business ethics. [1]

Ethics must be the cornerstone of every business. This applies to my real estate and loan brokerage businesses aptly. The article stresses on transparency and pursuing good moral values in order to earn long term benefits. Ethics is also essential in building trust and confidence in the public for your business. Real Estate businesses have to do with direct interaction

<https://assignbuster.com/business-and-accounting-ethics/>

with the customers. Ethics is especially relevant here. This is because it is required that people place their trust in you, to get them their dream home or the perfect office. Loan brokerage firms deal with people's money and therefore unless people think highly of your professional and ethical practices they will not be willing to do business with you. [4]

In order to improve my Real Estate business in the light of the above mentioned article; I should seek to ensure greater transparency in my business activities. Real Estate for sale should be thoroughly researched by myself and then shown to potential customers. There should be references and cross checks of references for buyers. The reasons for giving up a particular property should be clearly stated so that the buyers get a fair deal. Lastly, modes and time of payment should be in written and signed by all the three parties involved in the presence of a witness. For the loan brokerage company; proper financial documentation should be ensured and records should be regularly updated. There should be constant employee checks to prevent embezzlement.

Ethics are a requirement for accounting and financial decision making. This is because this way it reduces chances of fraud and embezzlement, it provides fair and honest profit making opportunities to people and reinforces consumer trust in the business which has led to long term advantages. It gives uniformity to the processes and ensures smooth operations and working. An act was formulated to regulate financial practice and corporate governance. It is called The Sarbanes-Oxley Act 2002. [2] It consists of 11 titles and sets deadlines for compliance. The Act focuses on 'due diligence' and standard accounting and business practices. It gives new powers to SEC which consists of protection of whistle blowers, increased

criminal penalties for white collar crimes and new attorney professional responsibility rules. It made real time disclosures, increased transparency, Officer Certification and new audit company requirements mandatory on businesses. It has provided security to businesses and public alike.

References:

1. Smith. K. & Smith. M..(2003), Business And Accounting Ethics. Retrieved September 2nd 2007 from Website: <http://acct.tamu.edu/ethics/ethics.htm>
2. (n. d.). (2006), The Sarbanes-Oxley Act. Retrieved September 2nd 2007 from Sarbanes-Oxley Act 2002 Website: <http://www.soxlaw.com/index.htm>
3. (n. d.). Sarbanes-Oxley Act of 2002, Retrieved September 2nd 2007 from CPE Inc. Online Website: <http://www.cpeonline.com/cpenew/sarox.asp>
4. Loeb. S. (1971). A Survey Of Ethical Behavior In The Accounting Profession. Ethical Behaviour Of Cpas. Journal Of Accounting Research, Autumn, 287-306