

LIMPOPO MATHS AND SCIENCE ACADEMY

LIMSA

GRADE 12

BUSINESS STUDIES

23-27 MARCH 2020

ETHICS AND PROFESSIONALISM

WEEKLY WORKSHEET

SECTION B: ADDITIONAL CONTENT NOTES

Ethical behaviour goes beyond obeying laws, rules and regulations and involves doing the right thing.

Ethical behaviour refers to certain values and norms.

Business ethics involves:

- Fair practice with employees and customers
- Corporate social responsibility
- Issues regarding the rights and duties of a company and its shareholders
- Issues concerning relations between different companies
- Leadership issues, e.g. corporate governance
- Political contributions made by business enterprises

There is a fine link between professional and ethical behaviour.

The relationship between ethical and professional behaviour

Ethical behaviour - refers to a set of values that are morally acceptable in society which defines right, good and fair actions.

Business ethics refers to rules and principles which influence best business practice.

Businesses develop their own code of ethics for best practice.

Ethical conduct is a prerequisite for being called a professional.

Professional behaviour - A set of standards of expected practices, e.g. treating people with respect

Specific occupational practices have developed their own codes of professionalism

Being professional means:

- Demonstrating appropriate behaviour towards colleagues, superiors, subordinates and the public at large.
- Avoiding the pursuing of personal agendas at the company's expense.
- Representing your employer, co-workers and yourself with dignity.
- Setting standards for expected practice, e.g. to treat persons with respect.
- Career practices that are developed, e.g. Professional dress
- Appropriate behaviour towards persons in positions of authority, co-workers,
- the public, etc.
- That it is unprofessional to make promises that are not adhered to.

Most professions have developed their own professional code, e.g. medical profession. At times this code is stricter than the law.

Code of best practices for corporate governance (King's Code)

Corporate governance refers to the way in which a company is governed. It also explains the relationship between the company and its stakeholders (e.g. shareholders, customers, directors, managers).

Judge Mervyn King developed a code of best practice of corporate governance. This Code focuses on transparency, responsibility, accountability, fairness, sustainable development, leadership and values.

These issues reflect professionalism within the business.

Business entities should act as responsible corporate citizens.

Ethical, responsible and effective business practice involves:

- Not starting a venture at the expense of someone else
- Taking care of the environment and society
- Paying employees fair remuneration
- Treating all employees equally
- Paying taxes to SARS

Issues perceived as being unethical and unprofessional in business conduct:

Tax evasion

The government needs revenue from taxation to provide essential services such as housing, education and medical care.

Corporate tax and personal income tax are the main sources of income for the government. Many businesses and individuals do not declare all income to SARS.

This is not only unethical but also illegal, and is a crime punishable by law.

Suggestions for improvement:

Professional behaviour in this regard would be to pay all taxes due.

Government can work towards reducing taxes so as to encourage more businesses and individuals to pay their taxes.

They should educate all concerned on the importance of paying taxes.

They should also utilise taxes for correct purposes so that people would see how the money is used and would, therefore, want to contribute.

Sexual harassment

Sexual harassment involves unwelcome or unwanted attention of a sexual nature from someone at work, that causes discomfort, humiliation, offence, distress, and interferes with the job.

It is immoral, wrong and unethical to abuse your position to take advantage of another person.

Sexual harassment includes:

- Unwelcome sexual advances
- Gesture or remarks of a sexual nature.
- Touching a person in an inappropriate sexual manner.
- Quid pro harassment - requests for sexual favours in return for employment benefits.
- Pressure for sexual favours to clinch sales deals

Suggestions for improvement:

- Employers should be proactive and prevent the problem rather than having to address it after damages have been suffered.
- They should have a clear policy regarding sexual harassment.
- Educate employees and make them aware of the problem, of their own rights and of the rights of others.
- Work in a positive corporate culture, in which the rights and dignity of all staff members are respected.

Pricing of goods in rural areas

Most of the businesses in rural areas are located considerable distances away from major towns – store-owners buy stock at wholesalers and usually use their own transport – which impacts on the prices of goods.

Shop owners in these areas do not have much competition.

Some rural traders abuse their monopolistic position in rural areas by charging very high prices.

The majority of the people in these areas are either unemployed, pensioners or farm workers who do not earn high wages.

Suggestions for improvement:

- Rural traders should be encouraged to be more ethical in their dealings.
- They should determine fair, market related prices for their products.
- By keeping prices low they would benefit in the long term.

Unfair advertising

The Advertising Standards Authority (ASA) regulates advertising and protects the interests of the public.

Unethical advertising practices include:

- Giving goods deceptive names.
- Using false/deceptive advertising.
- Selling second hand goods as new goods.
- Criticising competitor's goods.
- Using small print in the advertisement to mislead the consumer.
- Exploitation of children's lack of understanding of product.
- Misuse of people with disabilities in advertisements.

Suggestions for improvement:

- All adverts should be in line with the ASA Code.
- All advertising should be legal, decent, honest and truthful.

Unauthorised use of funds

This would mean using funds without permission.

It can be constituted as a criminal offence.

Some employees have access to funds of the enterprise which puts them in a position to gain use of these funds.

Unauthorised use of funds involves using the business's money for personal gain.

Examples of unauthorised usage of funds include:

- Filling your own personal car to do personal work or going on holiday using the business petrol card.
- Workers taking businesses' money or assets for their own purposes.

Suggestions for improvement:

- Identify risk areas where unauthorised usage of funds occurs.
- Limit the number of employees who have access to funds to the absolute minimum.
- Have a fraud prevention strategy and regularly do internal audits.

Abusing work time

Employees are expected to work for the payment they receive.

It is unethical to use work time for personal matters.

Examples of abusing work time (and money) include:

- Personal telephone calls during working hours.
- Using the internet for personal work.
- Usage of copier or scanner to do private work.
- Extending tea and lunch breaks to get personal work done.
- Sleeping on the job.

Suggestions for improvement:

- Compile a workable business policy that prohibits the misuse of assets.
- Disciplinary rules against offenders.
- Educating employees on these issues.
- Allow limited use of business assets where the workers must pay for using the assets.

TOPIC: ETHICAL AND PROFESSIONAL BEHAVIOUR IN BUSINESS

Learner Note: Our dealings and the way we conduct ourselves refers to ethics. In the business world one would be expected to behave in a certain ethical and professional manner. Many times people are unethical in their dealings and it is important for us to have knowledge of these unethical issues. Study the notes and answer the questions which follow.

SECTION A: TYPICAL EXAM QUESTIONS - 1

QUESTION 1: **10 minutes** **10 marks** (*Various sources*)

Choose a term from COLUMN B that matches a description in COLUMN A.

A		B	
A	A business which does not disclose all its income so as to pay less tax.	1.1	Sexual harassment
B	Taking pictures of people in the office with your cell phone, without permission, and sending them to other people at work	1.2	High pricing of goods in rural areas
C	A judge offers a traffic officer a bribe to avoid getting a fine	1.3	Unprofessional behaviour
D	Borrowing money without permission from the petty cash with the intention of repaying it at the end of the month	1.4	Tax evasion
E	A retailer in a small town who has no competition and charges customers excessive prices for products.	1.5	Unauthorised use of funds

5x2=[10]

HINTS: You do not have to rewrite the answer. Write only the letter (A – E) next to the question number, for example 1.1 E

QUESTION 2: 15 minutes 12 marks

Read the case study below and answer the questions that follow.

ETHICS IN ADVERTISING

Advertising is an attempt to send information to people to convince them to spend their money with a certain company. This concept is the foundation of the modern business world. Advertising is big business. Millions of rands are spent on advertising each month. Many industries exist solely due to the large amount of money advertising brings in. Many media and non-media industries would be drastically affected if they could not sell advertising space on television, magazines and newspapers.

Buyers would also not be informed of their choices. Companies try all sorts of tactics to get our attention and money. Sometimes these attempts involve illegal, underhand or dirty tricks. An example of an illegal trick involves the old bait and switch. This tactic requires placing an advert for an item at an extremely low price. Upon reaching the store, the shoppers find that the item is 'no longer available'. In order to reduce their sorrow at missing the deal, they are directed to a similar item which closely matches what they came for, but which is not always a bargain.

[Adapted from: Rubak.com – Article – Ethics in Advertising;]

- 2.1 Explain the concept of unethical advertising. Use the information in the case study to illustrate your answer. (6)
- 2.2 Unethical advertising is one of the challenges of ethical and professional behaviour in the business environment. Identify **THREE** other issues that affect the ethical and professional behaviour of business practice. (6)
- [12]

HINTS: For 2.1 you need to be careful. First explain the concept from what you have learnt. This means that the other 4 marks will have to be earned by finding illustrations in the case study. You need **TWO** facts from the case study. In 2.2 you have to give **THREE OTHER** issues.

QUESTION 3: 15 minutes 12 marks

Read the case study below and answer the questions that follow.

THE WAY WE DO BUSINESS

Eskom is committed to the highest standard of ethical conduct in all its actions and decisions. We value integrity, as it would be impossible to achieve excellence, provide customer satisfaction and be innovative within the constraints of best practice, without it. To value integrity means constantly to act in a manner that promotes trust, dependability and a commitment to honesty at all times.

Eskom's primary contribution to social development is through its involvement in the Accelerated and Shared Growth Initiative for South Africa (Asgisa), and, in particular, through the Eskom Development Foundation which is centrally coordinated through the office of the Chief Executive. Eskom's most significant contribution will continue to be through its core business of supplying affordable, reliable electricity, but at the same time leveraging other associated activities which include initiatives for safety, skills development, job creation, education and health (HIV/Aids).

By the very nature of its activities, Eskom has an impact on the environment. Effectively managing and mitigating this impact is a major priority.

- 3.1 Describe the concepts ethical behaviour and professional behaviour. (4)
- 3.2 Eskom is seen as a caring business. Give TWO examples from the case study that support this statement. (4)
- 3.3 One of Eskom's objectives is to put an environmental policy in place. Explain any TWO aims of such a policy. (4)
- [12]

HINTS: For 3.1 you need to be careful. Explain the concepts from what you have learnt. In 3.2, the 4 marks will have to be earned by finding examples in the case study. 3.3 requires that you discuss how Eskom can be environmentally responsible. Remember, 2x2.

SECTION A: TYPICAL EXAM QUESTIONS - 2
--

QUESTION 1: **5 minutes** **6 marks**

Refer to the television advertisement below and answer the questions that follow.

<p>RINGTONES</p>

<p>New ringtones for your cellphone. Download ringtones of your favourite musician/artist.</p>

<p>SMS 42226 followed by your name and number.</p>
--

<p>SMSs are charged at R10. Normal cellphone rates do not apply. Subscriptions are charged at R5 per week until you stop. Provide your banking details from which charges will be deducted.</p>

- | | | |
|-----|---|------------|
| 1.1 | Explain the term unethical advertising. | (2) |
| 1.2 | What would you regard as unethical in this television advertisement?
Substantiate your answer. | (4)
[6] |

<p>HINTS: In 1.2 the 2 marks are for your reason and the other 2 marks for motivation. No motivation, no marks.</p>
--

QUESTION 2: **35 minutes** **40 marks** *(DOE Nov. 2009)*

<p>Enterprises agree that ethical and professional behaviour are important aspects of the business environment.</p>

Describe the principles of ethical and professional behaviour. Evaluate the issues that pose challenges to the business environment in terms of ethical/professional behaviour, and comment on its application in the business enterprise. [40]

<p>HINTS: This is an essay question. Structure is important. Introduction, body and conclusion. Sub-headings are important to use as they count for analysis. Do not write in paragraph style. Use full sentences but in point form. Use current examples of unethical issues to obtain marks for originality.</p>

SECTION C: HOMEWORK

QUESTION 1: 10 minutes 10 marks (Various Sources)

- 1.1 Which ONE of the following would you regard as an ethical business practice?
 A Price fixing between cellphone service providers
 B Competitors working together to fix government tenders
 C Commercial banks fixing bank charges
 D Charging the same price for goods in urban and rural areas (2)
- 1.2 The monitoring of best business practice includes economical, environmental and social issues. This is largely due to ...
 A SWOT analysis.
 B King's Code.
 C general management.
 D problem-solving techniques. (2)
- 1.3 An external factor that regulates the way in which businesses handle ethical challenges:
 A Company mission statement
 B Government legislation
 C Safety and security legislation
 D Company procedures (2)
- 1.4 Which ONE of the following could be regarded as unprofessional and unethical behaviour?
 A Increasing prices in line with competitors
 B Selling second-hand goods for new
 C Finding a substitute for the competitor's product
 D Employing unskilled workers (2)
- 1.5 Which ONE of the following could be regarded as unprofessional and unethical behaviour?
 A Not starting a venture at the expense of someone else
 B Paying of taxes to SARS
 C Not abiding to legislation with regards to minimum wages for employees
 D Taking care of the environment and society (2)
- [10]

QUESTION 2: 20 minutes 16 marks

With reference to ethics and professional behaviour, explain the following in the workplace or in industry. Use an example to illustrate each issue.

- 2.1 Unethical advertising (4)
 2.2 Sexual harassment (4)
 2.3 Tax evasion (4)
 2.4 Abusing work time (4)