

Ethics and Social Responsibility

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2.1 INTRODUCTION

Ethics, sometimes known as moral philosophy, is not easily defined and philosophers provide different explanations of it. It is certainly a subject that is used in discussions about how we should live, what constitute right and wrong, and what we mean when we use the words right and wrong, and

good and bad. Look at the following questions to get an idea about what is involved in the study of ethics:

- Are some things always wrong? If so, what are they? Or does it depend on the point of view or situation?
- Can we measure goodness and badness? If so, how?
- Are humans selfish or kind?
- Are some people "better" at morality than others, or is everyone equally capable of being good?
- Can we teach people how to be good?
- Does anyone have the right to tell others what is goodness or wickedness?
- Why should you be good?
- Is ethics a special kind of knowledge? If so, what sort of knowledge is it and how do we get hold of it?
- Is morality about obeying a set of rules or about thinking carefully about consequences?
- When people say, "I know of murder someone is wrong", do they know it is wrong or believe it very strongly?
- Are moral laws the same as society's laws or are they different and why?

The answers to these questions have been hotly debated for thousands of years and are still debated even today. As you can see, ethics covers a wide range of topics and every aspect of our lives. It encompasses issues as diverse as whether we should pay our taxes or how we treat our pets.

We can make a broad distinction between two different kinds of ethics: Ethical theory and applied or practical ethics. Ethical theory examines different philosophies, systems, ideas or principles used to make judgments about the right/wrong/good/bad things or what we mean by those words. Practical or Applied Ethics is more focused on subjects that invite ethical questioning such as whether it is right to have an abortion (e.g. in USA there are strong pro-abortion and anti-abortion or pro-life lobbies), and whether to help someone who is terminally ill to die. Of course, these two things are related. The theory we use affects the decision about a particular moral issue. For example, I may believe in a set of principles which include one that states that life is sacred and no one can ever take it. This principle may lead me to think that capital punishment is wrong (many countries in the west have abolished capital punishment). So, the ethical theory (the principle about life) leads me to a view about the moral issue (the death penalty).

Before going any further, some definitions would not go amiss. The word 'ethics' is derived from the Greek word *ethikos* (root form *ethos*) which means "character" or "custom." For the Greeks, it referred to the appropriate or customary way to behave in society.

The word morality has its root in the Latin word *moralis* and is concerned with which actions are right and which are wrong, rather than the character of the person. Today, the two terms are often used interchangeably.

2.2 APPROACHES TO ETHICS

There are three main approaches to ethics: (i) normative ethics, (ii) descriptive ethics, and (iii) metaethics. These are now briefly described.

Normative Ethics

Normative ethics was the prevalent form of ethics in philosophy till the end of the 19th century. To decide what things are good or bad and what kind of actions/behaviour are right or wrong involves how people *ought to act* on the principles, how they make moral choices, and how rules apply to individual lives. It includes a consideration of the importance of human freedom, and a discussion of the limits of a human's responsibility for moral decisions and for the consequences of his actions. The role of conscience in moral decision making is also a part of normative ethics. This may come from an established group of culture, such as the Christian tradition, or it may be based on some other way of thinking. This is the traditional way of viewing ethics.

Descriptive Ethics

Descriptive ethics is the study of ways in which different people and societies have answered moral questions. Can it be described as moral sociology or moral anthropology, a description of the moral code prevailing in different societies? It involves different approaches inside one society for the resolution of ethical problems.

Metaethics

Metaethics is, sometimes called *moral philosophy* or *philosophical ethics*. This group attracts considerable interest today. It seeks to understand the meaning and function of moral language, and of ethical terms such as good and bad. It looks at the logic used in arriving at the conclusion of an argument that justifies a moral choice. Posing an ethical question illustrates the different ways the two positions respond to it. If you ask the question, "Is premarital sex right?", a normative ethical answer would be more concerned with the reasons why it might be right or wrong, and how they relate to certain teachings, or with religious traditions of, say, Christianity, or some other group. A metaethical response would be more interested in what you mean by right, and what it means by a right sexual action as opposed to a wrong one. Metaethics has produced a number of different schools of thought.

A man's actions are the result of a combination of voluntary and involuntary responses. His freedom is circumscribed by many factors that are beyond his conscious control. The idiosyncrasies of individuals are required to be regulated through social discipline for the sake of social harmony and social good. The last 150 years have been marked the world

over for rapidity of change ushered in by the advent of technology and the industrial revolution. This period has also been marked for its attempt to generate unquestioning faith in human reason and intellect. The last century witnessed the intellectuals becoming the corner stones of the society. Rapid changes have improved the standard of living; also establishing a lot of sensible of relationships in and around the society.

Our world has to face new challenges in the 21st century. In an increasingly interdependent economy, business decisions will affect us all. Those decisions that are based on sound ethical judgment will have the most favourable and beneficial results. Ethical considerations are inseparable from and systematically connected with business decision-making. According to Donaldson (1992)¹, societies can and do have the right to expect business to function ethically because society engages in a contractual agreement with business to carry out the necessary work to provide goods and services to that society. Society may also expect that corporations honour existing rights and limit their activities to accord with the bounds of justice. Ethics form the foundation of all economic activities. Ethical guidelines are essential in making business decisions. Business professionals have responsibilities to make decisions based on ethical principles. In this century, the role of ethics in business transactions and interactions is receiving more attention.

There is a growing realisation all over the world that ethics is important for any business and for the progress of any society. Ethics makes for an efficient economy. It is good in itself. In the long run, ethics and profit go together and ethics alone can protect the society. An ethically responsible organisation is one has developed a culture for caring for the people and for the betterment of the society as a whole. Ethics has a considerable influence on the economy for its efficient and smooth functioning. The government and the laws cannot always resolve certain key problems of the society and business. Ethical behaviour enhances the quality of lives and work alike. An ethically based economy can do wonders in the way of creating wealth or society.

The task of business is to optimise the outcome of economic activity. The economic environment of business is the primary consideration in evaluating the business tactics. The present day economic environment of business is a complex phenomenon. The trend and structure of economy are influenced by the economic relations with the government, public, society, and the community. People and society are part and parcel of an organisation. People want and need to be ethical not only in their private life but also in public. They are the ultimate sufferers if the affairs of the organisation are conducted unethically. Therefore, they have a concern over this. Over the last two decades, there has been a shift in the attitudes of corporates and their executives towards ethics.

A silent revolution is underway in business ethics today. The ideas, beliefs and attitudes associated with the profit ethic are being challenged.

¹ John Donaldson et al. (1992), *Business Ethics*, Academic Press, London.

The historical idea of the divine right of capital no longer applies. The changes in the values, cultures, and customs lead to change which, in turn, leads to re-engineering of ethics.

The world of business ethics is quite broad and its tentacles are being spread into a number of areas in the larger sphere of business-society relationship. The social responsibilities of businessmen, for instance, clearly involve ethics and morality. There is always a doubt in the mind of the businessmen about what is ethical and what is not. It is difficult to understand business or business-society relationships without the knowledge of ethics.

2.3 MEANING OF ETHICS

Ethics is the study of standards of conduct and moral judgment. It studies what ought to be, what is the ultimate good, and how to achieve it. People have always thought that the primary purpose of business is to serve society. Business must have a social commitment; otherwise it cannot enjoy social sanction. Ethics studies human action in respect of being right and wrong, and attempts to discover what ought to be. It forms critique of both ultimate values and goals and the means used in trying to achieve them. The history of business ethics displays a growing recognition of the need to examine the transformations that have impacted the organisation, management and society.

A research paper submitted in *California Management Review* states that most corporations which showed the highest concern for ethics also tended to show the highest growth. Ethical behaviour was the basis of the success.

Ethics involves moral principles which, in turn, involve the way individuals, groups or organisations conduct themselves which of the time as good or bad conduct. It has to do with fulfilling the relationship between people and society at large. When applied in a business context, it becomes business ethics. Ethics in business has become one of the most challenging issues confronting the whole business community. Establishing ethical climate is like starting an endless marathon. The first step should be to change unethical behaviour. It is an "on-going process" and never stops. An effective programme of ethics requires involvement and commitment from all. The stakeholder, the management, the staff and everyone associated should ensure commitment towards ethical behaviour at all levels.

2.4 MAJOR ATTRIBUTES OF ETHICS

Concept: The field of ethics may be conceived as a discipline, science, study or evaluation.

Content: The subject matter of ethics is concerned with what is good or bad, and right or wrong.

Judgment: Judgment is required to determine whether human action is ethical or not. It is concerned with the overt act, not the motivations behind it. Behaviour and its cause are judged.

Standards: Judgement is based on standards which are, in turn, based on values.

Values: The final element of ethics, therefore, is the set of values and criteria used as standards for judging human conduct.

2.5 BUSINESS ETHICS

Business operates within the society. It is an organ of the society and forms part of its sub-system. Its function must contribute to the welfare of the society. It must earn social sanction for survival and maintain a proper public image. The better the image, the higher is the value addition. Unethical practices and behaviour without a concern for social welfare would definitely pave the way for its exit. Business should function as a responsible corporate citizen.

Business ethics is very much influenced by social movements, social system and social preferences. No business can survive or grow without social harmony. Individual's values, however best they may be, are not sufficient to attain the maximum level of ethical performance. In the prevailing competitive climate, ethics is necessary for survival and growth. The climate in which business operates has become cold and unfriendly today as a result of revelations of unethical behaviour that have rocked the nations and the world. Ethics is crucial for an efficient and smooth operating economy. An ethically-based capitalism can do wonders in the creating wealth for society. The economic philosopher Adam Smith opines that our system of capitalism does not work well unless it has the moral cooperation of its participants. A Jewish theologian wrote, "It's what people do when they all are alone, when one is looking makes all the difference". Ethics is important because government and legislation cannot do everything to protect society. The *Bhagavadgītā* asks us not to consider the fruits of our actions. It invokes the notion of selfless action. Manu's concept of inheriting debts as well as property, and the Mayurian idea of accountability provide a basis for Gandhiji's belief that politics and business must work hand-in-hand for the development of society.

Approaches

When business people speak about "business ethics" they usually mean one of three things: (i) avoid breaking the law, (ii) avoid action, and (iii) avoid actions that are bad for one's image. Businesses are especially concerned with these three factors since they involve loss of money and reputation.

However, it is not possible to teach anyone to be ethical. It is not easy to resolve the difference in thought between the ethical interests of the money-minded businessperson and the ideal-minded one. In most issues of business ethics, ideal moral principles will be checked by economic viability. There are three different ways of deriving standards of business ethics.

1. Profit motive approach: Some businesspeople argue that there is a symbiotic relation between ethics and business for a profit-oriented business feels adopting good ethical policies will naturally lead to good business. In other words, good ethics results in good business. Moral business practices are profitable. This has also disadvantages. First, many moral business practices will have an economic advantage only in the long run. In other words, this may not suit the short-term businesses and may provide little incentive for businesses that are designed exclusively to seek short-term profits. When competition grows, survival would be a serious problem. Second, some moral business practices may not be economically viable even in the long run. For example, this might be the case with retaining older workers who are inefficient, as opposed to replacing them with younger and more efficient workers. Third, moral business practices that are good for business depend upon what produces profit. In different segments, the same practices might not be economically viable. Thus, any overlap that exists between morality and profit is both limited and incidental.

The other version of this profit approach takes a reverse strategy. In a competitive and free market, the profit motive will, in fact, bring about a morally proper environment. That is, if customers demand safe products, or workers demand privacy, they will buy from or work for only those businesses that meet their demands. This view maintains that since the drive for profit will create morality, good business results in good ethics. Proponents of this view, such as Milton Friedman, argue that this would happen if the government would allow a truly competitive and free market. But this view also has problems since it assumes that consumers or workers will demand the morally proper thing. In fact, consumers may opt for products whose price is less than the safe products. In short, not every moral business practice will simply emerge from the profit principle as suggested.

2. Legal approach: This approach assumes that moral obligations in business are restricted to what the law requires. Moral principles are beyond the requirement of law. The unreasonableness of such a moral requirement is all the more evident in societies that do have a strong external source of morality. Islam, for example, contains a broad range of moral requirements such as compulsory alms giving, prohibitions against sleeping partners that collect unearned money, and restrictions on charging interest on certain types of loans, particularly on relief aid. Thus, in Muslim countries that are not necessarily ruled by Islamic law, there is a strong source of external morality that would be binding on Muslim businesses apart from what their laws would require. Similarly, Confucianism has a strong emphasis on filial piety; thus, in Chinese and other Confucian societies, it is reasonable to expect their businesses to maintain a respect for elders even if it is not part of the legal system.

The western culture lacks a counterpart to the external source of morality as is present in Muslim or Confucian societies. One reason is our cultural pluralism and the presence of a wide range of belief systems. Even within Christianity, the diversity of denominations and beliefs prevents it from being a homogeneous source of Christian values. In short, without a

The second will be those which are obligations dictated by the law.

Strictly following legal approach to business ethics may indeed prompt businesses to do the right thing as prescribed by law. There are two key problems with restricting morality solely to what the law requires. First, even in the best legal context, the law will lag behind moral condemnation of certain unscrupulous yet legal business practices. For example, in the past, drug companies could make exaggerated claims about the miraculous curative properties of their products. Now, government regulations prohibit any exaggerated claims. Thus, prior to the enactment of a law, there will be a period of time when a business practice will be deemed immoral, yet the practice will be legal. This would be a continuing problem since changes in products, technology, and marketing strategies would soon present new questionable practices that would not be addressed by existing legislation.

Secondly, morality applies only to countries whose business-related laws are morally conscientious. The situation may be different for developing countries with less sophisticated laws and regulatory agencies.

Corporations that assume an obligation beyond the law, either in their corporate codes or in practice, take on responsibilities that most outsiders would designate as optional. A good example is found in the mission statement of Wal-Mart, which includes the following:

3. Moral obligations approach: The third approach to business ethics is that morality must be introduced as a factor that is external to both profit motive and law. This is the view of most philosophers of business ethics. It is expressed most clearly in a well-known business ethics essay as "Proper ethical behaviour exists on a plane above the law. The law merely specifies the lowest common denominator of acceptable behaviour."²

The most convenient way to explore this approach is to consider, among other. The five supra-legal moral principles suggested by philosophers:

(i) **Harm Principle:** Businesses should avoid causing unwarranted harm.

² Gene R. Lacniak (1983), "Business Ethics: A Manager's Primer", *Business*, Jan.-March, pp. 23-29

- (ii) **The Fairness Principle:** All business practices should be fair.
- (iii) **Human Rights Principle:** Businesses should respect human rights.
- (iv) **Autonomy Principle:** Businesses should not infringe on the rationally reflective choices of people.
- (v) **Veracity Principle:** Businesses should not be deceptive in their practices.

- (iii) **The Fairness Principle:** All business practices should be fair.
 - (iv) **Human Rights Principle:** Businesses should respect human rights.
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 - (vi) **Veracity Principle:** Businesses should not be deceptive in their practices.

These principles are too general and do not tell specifically what counts as harm, unfairness, or violation of human rights. Does all damage to the environment constitute harm? Does it violate an employee's right to privacy if the employer places hidden surveillance cameras in an employee lounge area? Does child-oriented advertising mislead children and thus violate the principle of veracity?

The above principles are abstract in nature. They broadly mandate against harm, and endorse autonomy as well. Because they are abstract, it will be difficult to apply them to concrete situations and, consequently, they will not give clear guidance in complex situations. An alternative approach is to forget the abstract and focus, instead, on the concrete situations that affect the particular interests of consumers, workers, stakeholders, or the community.

The recent **stakeholder approach** to business ethics attempts to do this systematically. The stakeholders include principle holds that businesses should consider all stakeholders' interests that are affected by a business practice. The stakeholders include employees, suppliers, customers, creditors, competitors, governments, and communities. Accordingly, this approach emphasises the various parties affected by a business practice. But it is limited since its proponents have no clear formula to prioritise the various interests. Should all stakeholders' interests be treated equally or have special priority? Another way of looking at concrete moral obligations in business is to list them issue by issue. This is the strategy behind corporate codes of ethics that address specific topics such as confidentiality of corporate information, conflicts of interest, bribes, and political contributions.

4. Social approach: This approach enables the company in to operate such a way that it actively recognises the central role that business plays in the structure of society by initiating innovative ways to improve the quality of life of a broad community.

2.6 FACTORS THAT INFLUENCE ETHICS

Ethical considerations vary by class, structure, economic group, industry, professional group, and so on. Business ethics has to be on par with the ethical code of the society in which it operates and it is essential that a business enterprise adhere to well-established ethics. The factors that create the basis for ethical consideration are: (i) values, (ii) culture, and (iii) transformation. These are now briefly described.

Values

Values are additions or accretions to the image. They are not fixed. They undergo change along with the society and its constituents, and consequently, substance the culture. Values are so crucially in business relationships as also for the success a business. They create credibility with the public. They will certainly add value to the concern and create more credibility by its moral responsibility and accountability. This creates confidence in those who are directly and indirectly involved. An organisation perceived by the public to be ethically and socially concerned will be honoured and respected even by those who have no intimate knowledge of its actual functioning. This will enhance the credibility within both the organisation and with its employees. It creates a feeling of oneness among employees having a common goal. An individual, derives business values from a multitude of sources such as the mission of business as a social institution, the nation where the business is located, the type of industry in which it is active, and its nature.

Over a period of time, values have become institutionalised with regard to business and society. These values perform two important functions: (i) form as a guide to business environment and (ii) become strong motivators for people in business. They become the key factor in the system relationship of business with society. Business has certain rights, but it also has certain responsibilities to society and, in turn, society has certain rights and responsibilities in regard to business activity. Value-ethical attitude helps management in better decision-making. Ethical decisions are always in the best interests of public, society and environment. Value addition based ethical decision-making will enable an organisation and its decision-maker to look into the economic, social, and politico-legal aspects of the company's decision-making.

Culture

Culture is described as the environment of humans. The system aspect of culture is the set of relationships that make it possible for human beings to create a society to pass the accumulated learning of the species from one generation to the other and continue to make the accumulations of learning. Culture refers to activities, thoughts, and feelings which a man acquires as a member of the society. Cultural differences separate the ethical attitude of different people. Much more emphasis is given to building and developing relationship while much less emphasis is given to the abstract concept issues.

Transformation

Transformation is yet another reason for the change in culture and values. Transformation in relation to communication, viewing, travelling, shopping, working and playing envisages a change in the ethics and ethical practices. The phenomenal growth and developments in these areas have brought about a social change amongst public, society and business. These

have improved the life style and the quality of life which, in turn, has created a change in the culture and cultural values by effecting a revolutionary change in ethical standards. According to Alwin Boskoff, "Social change refers to intelligible process in which we discover significant alterations in the structure and functioning of determinate social system."³ Change is the only permanent feature on man's social life and social system in the form of transformation.

2.7 IMPORTANCE OF ETHICS

Basic human needs: Ethics corresponds to basic human needs. Most people want to be ethical not only in their private lives but also in their business affairs. They want to be a part of the organisation because they perceive its purpose and activity to be beneficial to society. The basic ethical needs are probably one of the most cogent reasons for ethical concern on the part of organisations.

Credibility among the public: Ethics creates credibility with the public. A company perceived by the public to be ethically and socially concerned will be honoured and respected even by those who have no intimate knowledge of its actual working. Gaining the confidence of the community is vital to the business sector. Public opinion is the most powerful force in a democratic society. It is a way of achieving higher standards of ethical behaviour.

Credibility with the employees: Ethics provides a common language for aligning a company's leadership and its people. Ethics, when perceived by employees as genuine, creates common goals, values, and language. The management has credibility with its employees because it enjoys the same with the public. It creates harmony and oneness among the employees.

Better decision-making: Ethics helps in better decision-making. Ethical decisions made by the company will always be in the interest of the shareholders, others stakeholders, public, and their employees. This is because respect for ethics will force the management to consider all aspects of a question—economic, social and ethical.

2.8 ETHICS IN MANAGEMENT

Ethics are principles of conduct used to govern the decision-making and behaviour of an individual or group of individuals. The management is concerned with making decisions within an organisation. Ethics of the individual or group who make decisions have significant implications for the organisation's stakeholders, employees, customers, shareholders,

³ Alwin Boskoff (1965), "Social change: sources, patterns, and consequences", *American Sociological Review*, Vol. 30, No. 2.

suppliers, the government, and the public at large. It is important to develop a code of ethics for decision-making. A code of ethics is a written document that outlines the principles of conduct to be used in making decisions. It is based on philosophical approaches such as justice, individual rights and utilitarianism. The principle of justice involves making decisions based on truth, without bias and with consistency. The laws speak about consumer protection, product safety, shareholders' and other stakeholders' rights, and environmental protection.

Ethics focuses on solving not only the problems of the concern but the society at large. First, the organisational revolution led to increase in number, size and power of organisations of all types. Second, the corporate revolution expanded the scale of business enterprise and led to dominate modern big business corporations. Third, the managerial revolution saw the emergence of a class of professional managers who took over active control of large corporations. Fourth, the property revolution separated ownership and management and diffused property rights within the corporation. Finally, the capitalist revolution brought about a change in the moral order of capitalism and greatly enlarged the public role of business and the economic role of government.

In this changed socio-economic environment, the focus of business ethics is on social responsibility. Social responsibility is a reaction to the goals of the society and the economic, technological, social and political forces that mould the society.

2.9 ORGANISATIONAL ETHICS

The word 'organisation' originated from the word 'organism' which implies a structure of interrelated and integrated parts. The business environments, together with individuals and the society or community, form an organisation to perform an activity. One cannot imagine a world without organisation—no schools to get a formal education, no hospital and medical organization—no clinics to get medical attention, no clubs or association, no political parties, no government, no firms! There would be only two extremes—community and society. The gap between the two is wide. Organisation is needed to narrow down the gap. It is one of the vital social inventions of mankind and an enormous number and variety of organisations characterise modern societies.

The organisations definitely have objectives or goals, according to the purpose for which they are formed. All organisations are formed with a purpose, for the people, society or community taking into account the environments such as economic, social, political, and legal. Organizations, are so crucial and invariably affect the quality of human life in contemporary society. Their study, thus, is an important aspect of human life. Thus, an organisation may be defined as a human group deliberately and consciously created for the attainment of certain goals with rational coordination of closely relevant activities. Otherwise, they are the major mechanisms for achieving man's goals. The minimal characteristics of an

organisation are hierarchy of authority, rules, procedures, techniques and controls; formal interpersonal communications; specialisation of functions; division of labour; and organisational membership. Organisations have no boundaries, nor are they completely independent. They are the primary means by which society gets its work done and its needs satisfied. They vitally affect lives of millions of people who work in varied capacities.

Chris Argyris (1956) perceives that all organisations have three core activities:⁴

1. Achieving objective—values
2. Maintaining the internal system—viability
3. Adapting to external environment—public viability

Change is a necessary way of life for all organisations. The number of decisions the organisation has to make increases day by day. Their impact is growing. The fundamental determinants of the relationship between business, society and organisation are the values and culture. The areas of change are:

1. Technological innovations
2. Shifts in market patterns
3. Greater competition both national and international
4. Changes in governmental regulations
5. New management tools
6. Changes in background, especially social environment.

The need for constant innovation is inevitable. Changes also are inevitable; however, resistance to change is endemic. Response to change is conditioned by the individual's attitude. A successful change includes three aspects: (i) unfreezing the present level, (ii) moving to a new level, and (iii) freezing group or, individual in new level. An organisational change focuses on the group and not on the individual.

Common Unethical Practices

We may now enumerate some of the most common unethical practices prevalent with dritety. These may be seen in relation to:

1. The Consumers

- (a) Adulteration
- (b) Spurious products
- (c) Duplicates
- (d) Injurious products
- (e) Deceptive advertisements

2. The Employees

- (a) Low salaries
- (b) Poor working conditions
- (c) Exploitation
- (d) Employees being made to sign for the than what they are actually paid.

⁴ Chris Argyris (1956), *Scholarly Articles for Argyris*, New Haven: Labour and Management Centre, Yale University.

3. The Government and the Community

- (a) Tax evasion
- (b) Pollution
- (c) Bribes and circulation of money to buy political support.

Institutionalising of Ethics

A business that seriously desires to operate in an ethical environment has to institutionalise ethics by drawing up a policy and code of ethics, familiarising all concerned at all levels with it and ensuring the implementation. Code of ethics is nothing but a blueprint of what is going to be followed and adopted. The ethical code should be printed and circulated to all those concerned. An ethics committee may be appointed for offering training within and outside. The committee not only has to report periodically to the top management and offer suggestions for betterment but also has to review the code from time to time keeping pace with the changes. Business ethics has to be practised and preached. Ethics and morality have to be internalised so that they become part of the stream.

Development Programme of Ethics

Merely endorsing a standard code or copying that of another will not suffice. It is important to find out in what areas the employees require guidance. In this connection, the steps to be followed are:

- Select a prominent personality to endorse the business ethics policy.
- Choose a framework, which addresses issues as they affect different constituents or shareholders of the company. The usual ones are: shareholders, employees, customers, suppliers, and local/national community. Some might even include competitors.
- The code needs piloting—perhaps with a sample drawn from all levels from different locations.
- The code of conduct framed should be distributed in booklet form.
- The code should be published and sent to all concerned.
- Values and ethics are matters of governance. The Board should be notified to involve themselves for ethical policing.
- Practical examples of the code in action should be introduced in all areas.
- Training programmes for all concerned.
- Review mechanism should be established.
- A code master needs to be appointed.

Facets of Business Ethics

Stakeholders/shareholders or other providers of money: Transparency and openness in all dealings, providing adequate information to the shareholders/stakeholders, and investment protection and return on investment.

Employees: How does the business value employees? The company's policies should be focused on: working conditions, recruitment, development and training, rewards, health, safety and security, equal opportunities, retirement, redundancy, discrimination, and harassment.

Customer relations: These include customer satisfaction, quality of product or service dealt, fair pricing, and after-sales service.

Society/community: The laws of society and community are to be respected. Environmental protection, pollution abatement, and energy conservation are to be followed. In short, standard and quality of life are to be improved.

Government: Business ethics, from the point of view of business and businessmen, are (i) to provide information to the government on all required matters, (ii) follow the guidelines, policies and standards set up by the government, and (iii) Pay taxes that are legitimately due to the government.

A Growing Global Role

The world has entered a century with unprecedented changes for peace and progress. Globalisation is the buzzword today. Business is the silken thread that binds the whole world. Therefore, globalization of ethics is needed. The need is envisaged in the following areas:

- Stable and honest governments
- Transparency and openness to promote honesty in governments
- Commitment to internationally recognised human rights
- Developmental programmes for environmental protection, pollution control, and energy conservation
- Evolution of a world code of ethics for business.

Factors influencing businessmen to make ethical decisions

- A man's personal code of ethics
- Government regulations
- Ethical environment of the industry
- Company's policies and procedures
- Behaviour of superiors in the company
- Behaviour and attitude of associates in the company
- Professionalism in management

Factors influencing businessmen to make unethical decisions

- High tax rates of the government
- Ethical climate of the industry
- Financial stress
- Behaviour of superiors in the company

52 Corporate Communication, Ethics and Social Responsibility

Ethics and Social Responsibility is not an entirely new area. A business enterprise is a citizen of a country. As such, it has rights and obligations just as any other individual and society requirements of the social.

Social responsibility is not an entirely new area. A business enterprise is to understand the needs and requirements of the society. Business has two aspects—individual and social. It should conform to various social needs. Conceptually, social responsibility implies a genuine concern for the community that restrains business or organisational behaviour from causing destructive and harmful activities. Social responsibility is interpreted as attitude, cost, and goal as policies.

According to Keith Davis, social responsibility refers to the decisions responsibility is interpreted as attitude, cost, and goal as policies.

Business for reasons at least partially beyond the firm's direct economic or technical interest⁵. It is the obligation of business to nurture and develop human values such as morale, cooperation, motivation, and self-realisation among its workforce. Social responsibility is the obligation a business assumes through its positive impact and reduces negative impact on society. It is necessary to ensure economic survival. If business calls for educated and healthy employees, customers, suppliers and services, it must take steps to help solve the social and environmental problems that exist today.

Man's relationship with himself is heavily influenced by his relationships with core social institutions within which he lives. Social institutions help generate values, ethics in each individual. The core institutions are the family, the community of belonging, and education. Any changes necessitate new approaches and developments in both economic and social scenario that result in the business and the organisations adapting to these changes. The industrial revolution has brought forth mass production and modernisation resulting in the increase of business activities. Which in turn has led to the emergence of new types of business organisations—corporate type or company form of organisations. It is today accepted throughout the world as an appropriate type of business organisation to cope up with the large volume of business.

Overriding all business society relationship is the fact that business operates in an environment of social values which both society and business possesses. Social responsibility of business refers to its role in resolving current social problems and issues over and above legal requirements. The economy as a whole has been through five revolutions in the twentieth century, which have transformed its basic structure and method of functioning.

The changes that are taking place in the internal and external environments in which the business operates give rise to a re-identification

of the corporate mission statement as "Be Informed. Be Involved. Make A Difference." This new ethical standard and social attitude are blooming everywhere.

2.10 ETHICAL ASPECTS IN MARKETING

Marketing consists of the performance of business activities that direct the flow of goods and services from the producer or manufacturer to the consumer or the user. The following are some of the distinct functions of marketing:

- Product development
- Distribution
- Pricing
- Promotion
- Sales

Marketing Ethics

Professional associations and accrediting bodies have identified guidelines for ethics in marketing. The laws and regulations are generally designed to protect the consumer from unethical practices by businesses. The American Marketing Association's code has outlined the responsibilities in the following heads:

1. Responsibility of the marketer⁶: Marketers must accept responsibility for the consequences of their activities and make every effort to ensure that their decisions, recommendations, and actions function to identify, serve, and satisfy all relevant publics, customers, organizations, and society.

2. Honesty and fairness: Marketers shall uphold and advance the integrity, honor and dignity of the marketing profession.

3. Rights and duties in the marketing exchange process: The participants should be able to expect that (i) products and services are safe and fit for intended uses; (ii) communications about offered products and services are not deceptive; (iii) all parties intend to discharge their obligations, financial and otherwise, in good faith; and (iv) appropriate internal methods exist for equitable adjustment and/or redress of grievances concerning purchases.

4. Organisational relationships: Marketers should be aware of how their behaviour influences the behaviour of others in organisational relationships. They should not demand, motivate, or apply coercion to encourage unethical behaviour in their relationships with others. They must

⁵Keith Davis (1983), "An expanded view of the social responsibility of business", in Beauchamp, H.L. and N.E. Bowie (Eds.), *Ethical Theory and Business*, Prentice Hall, Englewood Cliffs, NJ, pp. 94-97.

⁶ <http://exchanges.state.gov/forum/journal/busintro.htm>

be aware of ethical standards and the acceptable behaviour so that they recognise the viewpoints of three key players: the company, the industry, and society. Since these three groups almost always have different needs and wants, ethical conflicts are likely to arise.

Ethical Conflicts in Marketing

Ethical conflicts possibly arise in marketing on account of the company, the industry, and the society. They may be (i) when there is a difference between the needs of the three groups (the company, the industry, and society) and (ii) when one's personal values conflict with the organisation. In either case, a conflict of interest is a possible outcome. An example of the first type of conflict is the tobacco industry. Cigarettes have for many decades been a lucrative business. Many thousands of people around the world are employed in the tobacco industry. So, the world economy has been somewhat dependent on cigarettes and tobacco. However, cigarettes are harmful to society. There is documented proof that cigarette smoking is harmful to health, causing cancer and other diseases. This is an ethical conflict for cigarette marketers.

The second type of conflict, occurs when a leader in the company seeks a personal gain (usually a financial profit) from false advertising. 'Cures' for fatal diseases are one type of product that falls into this category of ethical conflict: in their greed to make a profit, a marketer convinces those who may be dying from an incurable disease to buy a product that may not be a cure. But a desperately ill person (or members of his or her family) may choose to purchase it in an effort to save him dying from promoting and marketing such products violate rules of marketing ethics. Ethical dilemmas facing marketing professionals today fall into one of three categories: (i) tobacco and alcohol promotion, (ii) consumer privacy, and (iii) green marketing.

Standards for Ethical Marketing Guide

Ethical standards have four functions:

1. To help identify acceptable practices
2. Foster internal control
3. Avoid confusion
4. Facilitate a basis for discussion.

2.11 MASS COMMUNICATION AND ETHICS—TELEVISION

Today, there is little doubt that television is the most widely accessible and powerful educational and informational force. Television ethics, therefore, is of particular interest to many. For more and more people, television is the way by which they get news and information about the world. Because it is one form of media used to transmit information and entertainment, it is particularly prone to ethical concerns.

Issues for Television Ethics

Normally, the media ethics experts encounter the following questions:

- What happens when a television channel carries information that offends a viewer or a group of viewers?
- What can parents do to ensure their children are not exposed to offensive or inappropriate television programming?
- What kind of and how much advertising should a television carry?
- When does news reporting on television become sensational?
- When should the government censure violence and sex on television?
- These questions will be addressed in this chapter.

Television networks usually try to exercise professional judgment and also try not to offend viewers. Some television networks have published codes of conduct to guide their efforts. In cases where a television station does offend a viewer or a group of viewers, laws are in place to guide both the offended party and the offender. Laws take over when ethical questions are not resolved between people representing two sides of an issue. When a programme or an advertisement offends a television viewer, several outcomes might occur. The following is a list of some of the ways in which viewers have, in the past, used their right to object to television programming or advertising, and registered their concerns about the ethics of television:

1. Write a letter of complaint to the concerned authority
2. Bring a legal suit against the television network or a specific department or individual employed by the network
3. Contact a consumer group and register a complaint. The group, then, may present the concerns of several viewers on the same topic in more public ways
4. Letters to a local newspaper complaining about the programme or advertising
5. Informal complaints (usually verbal, in a meeting with representatives of the television network)
6. A public demonstration
7. Formal complaints through a court of law.

2.12 WHISTLEBLOWING

'Whistleblowing' is the term used to define an individual's decision to disclose the information regarding unethical, immoral or illegal actions to an authority. Whistleblowing may lead to good or bad result.

Benefits

The benefits of carefully considered whistleblowing can lead to the end of unethical business practices. The lives of individuals and whole

communities have been saved and severe damage to the environment has been stopped even by whistleblower by one individual. Some examples of serious ethical violations which caused significant consequences to businesses that have resulted in whistleblowing are given below:

1. Dumping of toxic waste
2. Padding an expense report
3. Violating laws on hiring and firing
4. Defying laws on workplace safety
5. Breach of health laws which led to documented illness and even death.

The actions of whistleblowers are potentially beneficial to society. They have shut down businesses that engaged in unethical practices. At the same time, an employee who witnesses unethical business practices at work may want to think carefully before making the decision to inform it to an authority. The consequences of whistleblowing are often extreme and may include possible civil or criminal action, or even imprisonment. Furthermore, an employee may want to follow the rule of "chain of command", that is, discuss issues of whistleblowing with the immediate supervisor first, before deliberating on the matter with anyone else.

A great deal of information about whistleblowing, whistleblower's rights and protection, and their presence in many countries and in various professions (sports, the tobacco industry, chemical industry, and even the government) is available on the World Wide Web. These days, SMS (Short Mail Service) messages are used by various agencies government or private to create awareness in the public on whistleblowing.

Disadvantages

Whistleblowers are commonly seen as selfless martyrs for public interest and organizational accountability. Others view them as persons solely pursuing personal glory and fame. They are of very low-profile and receive little or no attention. They are always under some form of danger or threat. There have been cases where punishment for whistleblowing has occurred, such as termination, suspension, demotion, wage garnishment by the employer, and/or harsh mistreatment by others employees. Depending on the circumstances, it is not uncommon for whistleblowers to be ostracized by future potential employers, or by their co-workers, discriminated against by future potential employers, or even fired from their organization. **Mobbing** is a campaign directed at whistleblowers with the goal of eliminating them from the organisation. Workplace bullying is the tendency of individuals or groups to use persistent, aggressive or unreasonable behaviour against a co-worker which includes such tactics as verbal, non-verbal, and even physical abuse. Bullying in the workplace therefore takes a wide variety of forms, from being rude or belligerent to screaming or cursing, destruction of property or work product, social ostracism, and even physical assault.

Guidelines for Whistleblowing

FSA, UK has issued guidelines on the effect of whistleblowing, which can be accessed on its url <http://www.fsa.gov.uk>. The following will help an employee determine if a situation merits whistleblowing.

1. Magnitude of consequences: An individual considering whistleblowing must ask himself or herself these questions:

- How much harm has been done or might be done to victims?
- Will the victims really be "beneficiaries"?

If only one person is or will be harmed, it is not normally a situation that warrants whistleblowing.

2. Probability of effect: The probability that action will actually take place and will cause harm to many people must be considered. The person should be very sure that the action in question will actually happen. He must have absolute proof that the event will occur and, by the action, or people or the environment will be harmed.

3. Temporal immediacy: The whistleblower must consider the length of time between the present and the possibly harmful event and, at the same time, must also consider the urgency of the problem in question. If there is immediate consequences of the unethical practice, the stronger is the case for whistleblowing. For example, the effects of toxic waste dumping.

4. Proximity: The physical closeness of the potential victims must be considered. The question arises about matters of emotional proximity or situations in which the ethical question relates to a victim with some emotional attachment to the whistleblower.

5. Concentration of effort: A person must determine the intensity of the unethical practice or behaviour. The question is how much intensity does the specific infraction carry.

2.13 BUSINESS EDUCATION—ETHICS AND NEW PROFESSIONALS

These are some of the questions normally considered for business education:

- What can academic institutions do to educate students about ethics?
- What do companies do to educate employees about ethics?
- How do employees learn to do a job better and do it ethically?
- How do governments support training for ethical business practices?
- Where do employees get information when they face a conflict between keeping a competitive edge and maintaining ethical standards?

On-the-job training: Employers are required by law and the company's own ethical code to provide the employees with opportunities for on-the-job training in specific job-related ethical concerns. Some of these training opportunities are considered to be a part of the employee's professional development. On-the-job ethical training helps employees attend workshops and participate in discussions on a variety of topics that influence workplace behaviour and avoid being perpetrators or victims of harassment.

Training programmes on the ethical use of the World Wide Web: In such training workshops, employees learn that the World Wide Web is a new tool that can have many uses, some ethical and some unethical. The Web makes available massive quantities of information which can be used for ethical and unethical purposes. Employees are trained in ethical Web use.

Employee discussion groups on ethical issues: The human Resources or Personnel department organises informal employee discussions on topics of relevance and concern to the management. In these informal settings, employees learn how to address ethical issues in accordance with the company's code of conduct. Moral issues and other matters are aired in these informal settings.

Personnel services: These involve employee education and training on topics such as ethical concerns related to health, environment, or corporate philanthropy decisions and employee counselling.

2.14 INTELLECTUAL PROPERTY AND ETHICS

Intellectual property, like the other property (land, buildings, etc.), is a matter of great importance for those who are involved in creating new ideas and information in any field of study or work, particularly in science, technology and entertainment. In this 21st century, concern for information, ideas and artistic expressions have become more significant than ever. Gaining more knowledge about intellectual property will provide current information on laws and issues related to intellectual property. Such information can increase chances for ethical business practices worldwide.

The World Intellectual Property Organization (WIPO) is an intergovernmental organisation with headquarters in Geneva, Switzerland. It is one of the 16 specialised agencies of the United Nations Organisation (UNO). WIPO is responsible for promoting the protection of intellectual property throughout the world through cooperation among States, and for administering the various multilateral treaties dealing with the legal and administrative aspects of intellectual property.

What Is Intellectual Property

Intellectual property is the information that makes it possible for businesses to earn money. Business assets are protected by laws which state that the people who created the property have exclusive rights to use that—for any purpose, but most often for profit.

A trademark is a symbol or brand that is owned by the person who created it. A patent guarantees that an inventor owns the rights to profit made from an invention. A copyright means legal and exclusive rights to written material, either published or unpublished. For a specific partial of time after the death of the author.

Intellectual property comprises two branches: (i) industrial property and (ii) artistic property. Industrial property refers chiefly to inventions, trademarks, industrial designs and appellations of origin. For example, the Coca Cola Company owns a symbol that is known around the world for the soft drink that it produces. Patents and copyrights are chiefly for literary, musical, artistic, photographic and audiovisual works. For example, on the back of a compact disc (CD) box, there is information (in very small print) about the patent and copyright for the music on that CD.

Nowadays, there is a great increase in the amount of international business conducted around the world, which means more complex discussions about intellectual property. More international business creates new challenges for intellectual property experts. The primary purpose of is to WIPO address this challenge. While in one country there are laws protecting the rights of inventors and artists, there may not be such laws in another country. How to resolve ethical and legal conflicts about intellectual property a may different countries? What legal guidance is available to resolve different ethical and legal issues across national borders? What may be a violation of intellectual property in one country may not be so in another.

There are many counterfeit or pirated products around the world. Some countries do not allow such products to be bought and sold; while other countries permit their sales. Music is an easily counterfeited product. A number of artists have actively pursued "CD bootleg operations" (individuals and groups who counterfeit compact discs). Video piracy and book piracy are other areas.

A great emphasis is laid, on the activities and resources of WIPO on promoting cooperation with the developing countries. In August 1998, WIPO had over 170 States as its members. Six additional States, which were not yet members, participated in treaties administered by it. Today, its has 184 member states, i.e. over 90 per cent of the countries of the world.

2.15 ETHICAL INVESTING

Investing money has always been concern for those who want to be financially responsible. Now, more than ever, investing one's money is a

social responsibility as well. Companies and individuals in the 21st century will use their money to make more money. However, there are ethical ways of doing this and there are professional to investors to help companies and individuals to make ethical decisions about it.

Ethical investing means allocating financial resources, taking into consideration both economic and social criteria, with the goals of maximising the potential financial and social returns to both the investor and the investee.

Requirements for Ethical Investments

For ethical investments, requirement, include the following:

1. A certified professional financial analyst
2. Information about the company or companies which you consider for investment
3. Criteria to guide you in choosing ethical investments

Now these are discussed its brief.

Financial analysis: Certified professional financial analysts will help you make ethical decisions about investment: financial analysts, like all professionals, must be recognised as competent by a professional group (usually peers) who certify their skills as being minimally competent in order to do the work they are paid for. In the United States, financial analysts or professional investors are certified and licensed.

A professional standards commission or association guides certification and licensure of individuals who want to be financial analysts. It is guided by a set of rules called Standards of Practice. These Standards are established and used by financial analysts for certification purposes. In addition, there is a handbook that guides financial analysts in their work.

However, people need more than good advice in order to know how and where to invest money in a socially responsible way. They need current and accurate information about investments.

Information about companies: In order to make ethical investments current and accurate information about the stock market, the companies that sell stocks, and how they use invested money is necessary. The Internet has become a powerful worldwide tool for the purpose. Anyone who has access to the Web can get detailed and up-to-the-second information on any and all factors that influence socially responsible investing. Even offhand comments made by high-profile leaders in a particular region or locality can influence the stock market in that region and beyond. Such comments are likely to be important to the ethically conscious investor.

Criteria for ethical investing: Ethical investing means that we should select investments that meet two criteria:

- The companies are performing well as financial investments.
- The companies' products do not cause illness, disease or death; destroy or damage the environment; or treat people with disrespect.

How to choose ethical investments?

1. First, the focus on the effects of the company's products and services. For example, if these cause people to be healthy, improve the environment, and empower people; company is considered as highly ethical. Investment in a company should be done only on the basis of its ethics in combination with its financial performance.
2. Second, the benefits of investing in a company. How might the money invested support ethical causes? For example, if the investment in an agriculture-based company is likely to improve the standard of living of the farmers of the place where the company operates, one might want to invest in that company.

2.16 ETHICS IN FINANCIAL SERVICES

Financial services constitute an important component of the financial system of any country. They, through the network of financial institutions, financial markets and financial instruments, serve the needs of individuals, institutions and corporates. Considering their nature and importance, financial services are regarded as the fourth element of the financial system. Orderly functioning of the financial system depends on the quality of financial services. Their objectives include: (i) fund raising; (ii) funds deployment; (iii) specialised services (iv) regulations, and (v) economic growth. These are characterised by intangibility, customer (investor) education, stability, and growth. Financial services comprise four major constituents, namely: market players, instruments, institutions and regulatory bodies.⁷

The financial markets can be divided into money market and capital market. Money markets trade short-term securities and capital markets trade long-term securities. Financial markets are a critical component of a developed economy. They are the cornerstones of the free market. Free market economy and financial system facilitate the well-being of the society.

Unethical practices: Some of the unethical practices in financial services include:

1. Money managers trade personally in the securities which their firm holds in portfolio.
2. An investment advisor buys securities before recommending them, and then sells them out after the prices have risen based on the recommendations.

⁷ Guruswamy, S. (2004), *Financial Services and Markets*, Thomson Learning, Singapore.

3. Companies get involved in activities such as illegal dividend payments where they come out of capital surplus, and that make the company insolvent.
4. In insurance sales, brokers and agents get involved in churning accounts that benefit the agents at the expense of the clients.
5. Insider trading involves trading on the basis of inside information.
6. In arbitrage, there is greenmail which is paid by a takeover target to a potential acquirer, usually to buy back the acquired shares at a premium. Arbitrage, as the economy terminology defines, is "the opportunity to buy an asset at a low price then immediately selling it on a different market for a higher profit. In exchange, the acquirer agrees not to pursue the takeover bid further.
7. Gun jumping involves trading securities based on information before it becomes public, or soliciting buy orders in an underwriting before SEC registration is complete.¹

REVIEW QUESTIONS

1. Define ethics. Differentiate ethics from values.
2. Examine the significance of ethics.
3. What are the common unethical practices against customers and employees?
4. What is business ethics? Explain the types of business ethics.
5. Analyse the criteria for determining the social responsibility of business.
6. What are the approaches to ethics?
7. State the major attributes of ethics.
8. Discuss the factors that influence ethics.
9. Write a note about values.
10. What is whistleblowing? State the benefits and disadvantages.

¹ Dawnes John and Joarden Goodman (1985), *Money's Complete Guide to Personal Finance and Investment Terms*, Barron's Educational Series, Woodbury, New York.



Professional Ethics

CONTENTS

- Introduction
- Engineering ethics
- Software engineering code of ethics and professional practice
- Principles of medical ethics
- Ethics of practising company secretaries
- Review questions

3.1 INTRODUCTION

Professionalism is a matter of high degree of generalised and systematic knowledge. It involves skill based on theoretical knowledge and when it is applied to the profession, he who takes it becomes a professional. Professions such as medicine, engineering, and accounting require specialised knowledge in the respective fields. Professionals are placed in an advisory capacity and assume responsibility to their service. They are under obligation when they accept their assignment as professionals. They have a fiduciary relationship with their clients, therefore, they are expected to render services which are indispensable not only to their clients but also to the society at large. They are strongly committed to their occupation and to the co-professionals.

Following are some of the ethical practices that professionals adhere to:

3.2 ENGINEERING ETHICS

Engineering is an important and learned profession. As members of this profession, engineers are expected to exhibit the highest standards of honesty

and integrity. The profession has a direct and vital impact on the quality of life for all people. Accordingly, the services provided by engineers require honesty, impartiality, fairness, and equity, and must be dedicated to the protection of the public health, safety, and welfare. Engineers must perform under a standard of professional behaviour that requires adherence to the highest principles of ethical conduct.

Fundamental Principles

Engineers, in the fulfillment of their professional duties, shall:

- hold paramount the safety, health, and welfare of the public;
- perform services only in areas of their competence;
- issue public statements only in an objective and truthful manner;
- act for each employer or client as faithful agents or trustees;
- avoid deceptive acts; and
- conduct themselves honourably, responsibly, ethically, and lawfully so as to enhance the honour, reputation, and usefulness of the profession.

Rules of Practice

Engineers shall hold paramount the safety, health, and welfare of the public. To meet such requirements, the engineers:

1. Shall approve only those engineering documents that are in conformity with applicable standards.
2. Shall not reveal facts, data, or information without the prior consent of the client or employer except as authorised or required by law or the code.
3. Shall not permit the use of their names or associates in business ventures with any person or firm that they believe is engaged in fraudulent or dishonest enterprise.
4. Shall not aid or abet the unlawful practice of engineering by a person or firm.
5. Having knowledge of any alleged violation of this Code, shall report thereon to appropriate professional bodies and, when relevant, also to public authorities, and cooperate with the proper authorities in furnishing such information or assistance as may be required.
6. Shall perform services only in the areas of their competence.
7. Shall undertake assignments only when qualified by education or experience in the specific technical fields involved.
8. Shall not affix their signatures to any plans or documents dealing with subject matter in which they lack competence, nor to any plan or document not prepared under their direction and control.
9. May accept assignments and assume responsibility for coordination of an entire project and sign and seal the engineering documents for

the entire project, provided each technical segment is signed and sealed only by the qualified engineers who prepared the segment.

10. Shall issue public statements only in an objective and truthful manner.
11. Shall be objective and truthful in professional reports, statements, or testimony. They shall include all relevant and pertinent information in such reports, statements, or testimony, which should bear the date indicating when it was current.
12. May express publicly technical opinions that are founded upon knowledge of the facts and competence in the subject matter.
13. Shall issue no statements, criticisms, or arguments on technical matters that are inspired or paid for by interested parties, unless they have prefaced their comments by explicitly identifying the interested parties on whose behalf they are speaking, and by revealing the existence of any interest the engineers may have in the matters.
14. Shall act for each employer or client as faithful agents or trustees.
15. Shall disclose all known or potential conflicts of interest that could influence or appear to influence their judgment or the quality of their services.
16. Shall not accept compensation, financial or otherwise, from more than one parties for services on or pertaining to the same project, unless the circumstances are fully disclosed and agreed to by all interested parties.
17. Shall not solicit or accept financial or other valuable consideration, directly or indirectly, from outside agents in connection with the work for which they are responsible.
18. In public service as members, advisors, or employees of a governmental or quasi-governmental body or department shall not participate in decisions with respect to services solicited or provided by them or their organisations in private or public engineering practice.
19. Shall not solicit or accept a contract from a governmental body on which a principal or officer of their organisation serves as a member.
20. Shall avoid deceptive acts.
21. Shall not falsify their qualifications or permit misrepresentation of their or their associates' qualifications. They shall not misrepresent or exaggerate their responsibility in or for the subject matter of prior assignments. Brochures or other presentations incident to the solicitation of employment shall not misrepresent pertinent facts concerning employers, employees, associates, joint venturers, or past accomplishments.
22. Shall not offer, give, solicit, or receive, either directly or indirectly, any contribution to influence the award of a contract by public authority, or which may be reasonably construed by the public as

having the effect or intent of influencing the awarding of a contract, or which the engineer has gained particular and specialised knowledge.

Professional Obligations

To keep the standards of the profession the highest the engineers shall/may:

1. Be guided in all their relations by the highest standards of honesty and integrity.
2. Acknowledge their errors and shall not distort or alter the facts.
3. Advise their clients or employers when a project will be believed to be not successful.
4. Not accept outside employment to the detriment of their regular work or interest. Before accepting any outside engineering work or interest, they will notify it to their employers.
5. Not attempt to attract an engineer from another employer by false or misleading pretences.
6. Not promote their own interest at the expense of the dignity and integrity of the profession.
7. At all times, strive to serve the public interest.
8. Seek opportunities to participate in civic affairs; career guidance for youths; and work for the advancement of the safety, health, and well-being of the community.
9. Not complete, sign, or seal plans and/or specifications that are not in conformity with applicable engineering standards. If the client or employer insists on such unprofessional conducts, they shall notify it to the proper authorities and withdraw from further service on the project.
10. Endeavour to extend public knowledge and appreciation of engineering and its achievements.
11. Strive to adhere to the principles of sustainable development in order to protect the environment for future generations.
12. Abstain from all conduct or practice that deceives the public.
13. Avoid the use of statements containing material misrepresentation of a fact or omitting a material fact.
14. Advertise for recruitment of personnel consistent with the foregoing.
15. Prepare articles for the lay or technical press consistent with the foregoing, but such articles shall not imply credit to the author for work performed by others.
16. Not disclose, without consent, confidential information concerning the business affairs or technical processes of any present or former client or employer, or public body on which they serve.

17. Not promote or arrange, without the consent of all interested parties, for new employment or practice in connection with a specific project for which the engineer has gained particular and specialised knowledge.
18. Not, without the consent of all interested parties, participate in or represent an adversary interest in connection with a specific project or proceeding, in which he has gained particular specialised knowledge on behalf of a former client or employer.
19. Not be influenced in their professional duties by conflicting interests, specifying their product.
20. Not accept financial or other considerations, including free engineering, designs, from material or equipment suppliers for contractors or other parties dealing with clients or employees of the engineer in connection with work for which the engineer is responsible.
21. Not accept commissions or allowances, directly or indirectly, from contractors or other parties dealing with clients or employees of the engineer in connection with work for which the engineer is responsible.
22. Not attempt to obtain employment or advancement or professional engagements by untruthfully criticising other engineers, or by other improper or questionable methods.
23. Not request, propose, or accept a commission on a contingent basis under circumstances in which their judgement may be compromised.
24. In salaried positions, accept part-time engineering work only to the extent consistent with policies of the employer and in accordance with ethical considerations.
25. Not, without consent, use equipment, supplies, laboratory, or office facilities of an employer to carry on outside private practice.
26. Not attempt to injure, maliciously or falsely, directly or indirectly, the professional reputation, prospects, practice, or employment of other engineers. Engineers who believe others to be guilty of unethical or illegal practice shall present such information to the proper authority for action.
27. In private practice, not review the work of another engineer for the same client, except with the knowledge of such engineer, or unless the connection of such engineer with the work has been terminated.
28. In governmental, industrial, or educational employ be entitled to review and evaluate the work of other engineers when so required by their employment duties.
29. In sales or industrial employ, be entitled to make engineering comparisons of represented products with products of other suppliers.
30. Accept personal responsibility for their professional activities, provided, however, they may seek indemnification for services arising out of their practice for other than gross negligence, where the engineer's interests cannot otherwise be protected.

31. Conform with State registration laws in the practice of engineering.

32. Not use association with a nonengineer, a corporation, or partnership as a "cloak" for unethical acts.

33. Give credit for engineering work to those to whom credit is due, and will recognise the proprietary interests of others.

34. Whenever possible, name the person or persons who may be individually responsible for designs, inventions, writings, or other accomplishments.

35. Using designs supplied by a client, recognise that the designs remain the property of the client and may not be duplicated for others without express permission.

36. Before undertaking work for others in connection with which he may make improvements, plans, designs, inventions, or other records that may justify copyrights or patents, enter into a positive agreement regarding ownership.

37. Engineer's designs, data, records, and notes referring exclusively to an employer's work are the employer's property. The employer should indemnify the engineer for use of the information for any purpose other than the original purpose.

38. Continue their professional development throughout their careers and should keep current in their specialty fields by engaging in professional practice, participating in continuing education courses, reading in the technical literature, and attending professional meetings and seminars.

3.3 SOFTWARE ENGINEERING CODE OF ETHICS AND PROFESSIONAL PRACTICE

Computers have a central and growing role in commerce, industry, government, medicine, education, entertainment, and society at large. Software engineers contribute, by direct participation or by teaching, to the analysis, specification, design, development, certification, maintenance and testing of software systems. As software becomes increasingly dominant in the IT industry and, indeed, in everything else, there is an obvious need for its professional-level recognition. Software engineers shall commit themselves to making their profession a beneficial and respected one. In accordance with their commitment to the health, safety and welfare of the public, they shall adhere to the following principles:

1. **Public:** Shall act consistently with the public interest.
2. **Client and Employer:** Shall act in a manner that is in the best interests of their client and employer consistent with the public interest.

3.4 PRINCIPLES OF MEDICAL ETHICS

The medical profession has long subscribed to a body of ethical statements developed primarily for the benefit of the patient. As a member of the profession, a physician must recognise his responsibility to patients first and foremost, society, other health professionals, and to self.

Medical practices, today's, are not the same as they were decades ago. Improper management of technological know-how has led to several newer diseases and problems. And, to handle these problems newer medicines, drugs and surgical techniques have been formulated. With the advent of technology, the responsibility to assure that the advances made in this field are used only for the benefit of mankind and for nothing else is laid on the shoulders of the medical professionals. The American Medical Association (AMA) has a set of standards of conduct which define the essentials of honourable behaviour of physicians. According to the AMA principles, a physician shall:

1. Be dedicated to providing competent medical care, with compassion and respect for human dignity and rights.
2. Uphold the standards of professionalism, be honest in all professional interactions, and strive to report physicians deficient in character or competence, or engaging in fraud or deception, to appropriate entities.
3. Respect the law and also recognise a responsibility to seek changes in those requirements which are contrary to the best interests of the patient.
4. Respect the rights of patients, colleagues, and other health professionals, and safeguard patient confidence and privacy within the constraints of the law.
5. Continue to study, apply, and advance scientific knowledge, maintain a commitment to medical education, make relevant information available to patients, colleagues, and the public, obtain consultation, and use the talents of other health professionals when indicated.