



Study of Possible Solutions for Ethical Concerns in Corporate Finance

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ABSTRACT

Ethics involves the study of policies and principles in business regarding controversial subjects. It includes corporate governance, bribery, corporate social responsibility and many more. It provides basic guidelines to the business. It ensures the existence of trust between consumers and market participants and fair treatment is rendered to the public. Ethics helps in guiding managers and executives in a company. It helps the company in dealing with corporate governance and corporate culture. If the ethics are not in compliance with business, then it may lead to legal action. The information should be transparent, and customer's information should be respected. It includes standards and rules which specify correct and incorrect in a certain situation. Though the companies don't follow all sets of standards, they can rightly develop those standards.

Introduction

Ethics is "a branch of philosophy that involves systematizing, defending and recommending concepts of right and wrong behavior". This concept began in the 1960s as corporations were concerned about the environment and corporate responsibility. They mainly focused on "social issues". The idea of ethics was beyond right or wrong, it also seeks to balance what corporations must do lawfully to maintain competition. Ethics are important for the success of an organization as it employs a code of conduct at all levels of management. If employees take ethical decisions, then it would lead to the company's reputation.

Types of ethics

1. Corporate responsibility To meet the demands of shareholders and society, the corporates have created a business model which helps in enhancing the environment. It helps in creating a positive image for the corporates and increase moral standards. It is divided into several categories.
2. Transparent and Trustworthiness It is mandatory for the corporates to disclose the financial reports and it should be transparent. As this disclosure helps in decision making for its users so that the investors will be aware of events happening in the company.
3. Loyalty Both team members and corporate leaders regard loyalty as a trait. Team members must be dedicated to their superiors, other employees, in the company. It includes in promotion of the company and handling corporate difficulties. A company needs loyal customers or clients to develop excellent business relations and establish a trustworthy relationship.
4. Respect Respect is important for a successful corporate structure, as it involves communication between clients and employees. In an organization, all the team members should be treated with respect.
5. Fairness All the members in a team should be given equal opportunity irrespective of rank. A workplace should treat their employees irrespective of race, religion or age. In a fair environment, all employees can grow and be successful.

Ethics in marketing

It refers to "the company's moral principles and values during marketing communications." Companies must adhere to cultural norms and guidelines to maintain a "good conscience". Advertisements that promote unfavorable consumer behavior or harm, confuse, or mislead customers should be prohibited. The following actions will assure marketing ethics:

- Customers should always be informed of all product details,
- Refrain from sharing consumer information without their knowledge.
- Avoid misleading advertisements,
- Promote only products that are risk-free for consumers to use,

- Set reasonable prices, • Compliance to state's law

Ethics in finance

Financial acts such as protecting the interests of shareholders, and which are ethically right or wrong. The core components of financial ethics are business ethics followed by financial firms, financial services, and financial markets. Importance: 1. Provides a set of moral standards 2. Financial ethics promote trust in commercial and corporate transactions 3. Ethics promotes harmony in business conduct and operations

Ethics and Corporation

Creating shareholder value is a corporation's primary objective. Successful businesses must function within society, and as a result, they must adhere to the rules of that society.

Corporations are compelled by law to have a social compliance policy. The Securities Exchange Commission is accountable for regulation. It is simple to argue that some firms profit through corporate practices at odds with what most individuals consider to be morally righteous, but the theoretical objective is the imposition of legal accountability.

Review of literature

Corporate ethics have evolved because of multiple economic, social, and regulatory changes. Most modifications have been made to standards of the company's behavior and improve transparency to prevent scandals and economic crises from recurring. [Sharbatoghlie, 2013] The extremely practical strategy for achieving objectives in a scenario where all the other individuals are involved is considered ethics. Ethics emphasizes that "other people" are major elements that must be considered while developing strategies to accomplish our aims. [Godiwalla, 2006]

CSR aims at contributing towards economic development and enhancing the quality of the workforce's life. It also helps in serving society. [Gamerschlag, 2010]

The average follower receives no more than one moral message per year, and between onethird and one-fifth of lower-level employees receive no training courses at all each year. Written ethics declarations are swiftly reviewed by employees before being filed [Johnson, 2007]. The existence of ethical rules in businesses may have a negligible effect on ethical behavior [Eyun, 2012].

According to research, Employee well-being and safety, fair treatment for employees, banning bribery and other types of corruption, preserving the environment, and banning child labour are among the topics of worldwide concern in corporations, according to research [Paine, 2003].

Research methodology

To "diagnose" and "treat" the existing defects in corporate systems that have resulted in misconduct, methodology incorporates the synthesis of scientific theories in sociology and political science and criminology. Theories which consider the characteristics of employees and organizational structures include differential association, self-control, and control balance.

Objectives:

1. To identify the relationship between ethical practices and corporations.
2. To establish a relationship between an organization's "Ethical Business Practices" and its corporate financial performance.
3. To develop a blueprint of ethical practices that will make it easier to build and use them.

Sr. No.		No. of Respondents	Percentage of Respondents
1	Middle Level	88	72.73
2	Sr. Level	26	21.49
3	Juniors	7	5.79
	Total	121	100.00

The above table clearly shows that most respondents—roughly 72%—operate at the middle level of management, followed by around 21% at the senior level and just about 5% at the junior level. The senior or middle management was picked since they were in a stronger position to comprehend the idea of ethics and the practices in the organization.

Findings

1. By promoting values Organization should adhere to values such as “honest”, “integrity” and “accountability”. Organizations should make sure their values support employees leadership behavior.
2. Ethical training While certain ways of behaving might be obviously exploitative, it is vital to explore those that are more unobtrusive or one of a kind to your business so workers will know when they are engaged in a possibly perilous situation. Also, workers need to get prepared on the most proficient method to forestall unscrupulous practices and what moves representatives ought to make in their place. Ensuring that representatives know about the results of their activities is one more significant part of preparing. Worker's ought to be made mindful of how their activities could hurt themselves as well as their colleagues, the organization, or your clients.
3. Effective organization structure At the point when they accept, they will not be recognized or considered responsible, individuals regularly act in manners that are unseemly. Groups with unfortunate administration, separated areas, or individuals whose work has never been addressed are extraordinary conditions for the advancement of deceptive ways of behaving. To keep representatives from figuring shameless lead will go unreported, ensure the appropriate administration and checking processes are set up

Conclusions

Morals is a developing area of study. Numerous organizations have put forth a coordinated attempt to integrate moral examination into the detailing of their corporate societies with a view to socially mindful and return. Albeit these decisions are directed by a legitimate system, morals and regulation are independent ideas. The essential least moral establishment is given by the law. It's basic to make the differentiation among orders and choices that for-benefit firms esteem as a purchaser.

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