

Theoretical
knowledge
on ethics

Writers:
Azreen
Huda

IMPORTANCE OF
ETHICS

THE ETHICAL
THEORIES

ORGANIZATIONAL
VALUES IN
PROMOTING
ETHICAL
BEHAVIOUR

ETHICAL &
UNETHICAL
BEHAVIOUR

ETHICAL
CHALLENGES



PROFESSIONAL ETHICS

THE FUNDAMENTAL PRINCIPLES

PERMISSION TO USE

PROFESSIONAL ETHICS : THE FUNDAMENTAL PRINSIPLES

This book contains information submitted by the writer based on her knowledge, experience and expertise in the field of teaching Professional Ethics to accounting students in Polytechnic Malaysia. In addition, this book also contains some information obtained from other parties whose original source is stated through references. However, since this book only covers topics related to fundamental principles of ethics, reader are encourages to refer the contents of other related books to gains a detailed understanding in Professional Ethics as a whole.

Copyright @ 2023. Politeknik Tuanku Syed Sirajuddin
All right reserved. No part of this publication may be reproduced, stored for production or translated in any forms or by any means whether electronically, mechanically, photograph, audio visual recording and so forth without prior permission from Politeknik Tuanku Syed Sirajuddin.

Azreen & Huda

THE WRITERS



Published by
Politeknik Tuanku Syed Sirajuddin
(PTSS)
Pauh Putra, 02600 Arau, Perlis
No tel : 04-9886200
No fax : 04-9886300
[www. ptss.edu.my](http://www.ptss.edu.my)
Cetakan Pertama 2023

TABLE OF Contents

i

WRITER'S
FOREWORD

ii

WRITER'S
ACKNOWLEDGEMENT

1

THE
DEFINITION &
THE
IMPORTANCE
OF ETHICS

3

THE ETHICAL
THEORIES

16

ORGANIZATIONAL
VALUES IN PROMOTING
ETHICAL BEHAVIOUR

23

ETHICAL
BEHAVIOUR

29

UNETHICAL
BEHAVIOUR

37

ETHICAL
CHALLENGES

44

CONCLUSION

45

REFERENCES

WRITERS

FOREWORD

The writers wrote this e-Book to expose the reader on PROFESSIONAL ETHICS. In this area, it will provides the readers an understanding of the underlying ethical theories, philosophies and values in individual, organizational and professional.

Readers will be focus on the practical development of skills needed in dealing with ethical issues in accounting and corporate.

The application of these ethical principles is best discussed within the framework of good practice of corporate governance, corporate social responsibilities, professional skepticism and code of ethics.

NUR AZREEN AZRIANA BINTI ALHAM



**LECTURER OF COMMERCE DEPARTMENT @ PTSS
TEACHING IN PROFESSIONAL ETHICS**

NURUL HUDA BINTI MOHAMAD RAJALI



**LECTURER OF COMMERCE DEPARTMENT @ PTSS
TEACHING IN PROFESSIONAL ETHICS**

**ABOUT THE
AUTHORS:**

WRITERS

ACKNOWLEDGEMENT

"We extend our gratitude to Allah, subhanahu wa Ta'ala, whose guidance and assistance have enabled us to complete this book. It is our sincere hope that this book serves as a valuable resource for Commerce Department students in all polytechnics across Malaysia.

We also express our heartfelt thanks to all individuals and organizations who played a role in the publication process, whether directly or indirectly. We received substantial moral support, guidance, and helpful suggestions during the book's production.

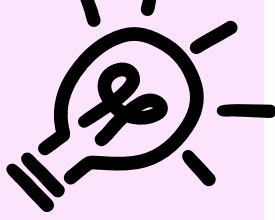
Above all, we want to acknowledge the unwavering support and encouragement from our family members, whose constant backing made it possible to publish this book.

In conclusion, we deeply appreciate everyone who contributed ideas and support towards the publication of this book. Without the cooperation and assistance of all involved parties, this achievement would not have been possible."



The definition & the importance of ethics

Definition



Ethics is a set of moral principles that distinguish what is right & what is wrong



Morality is usually associated with the norms, values & beliefs embedded in social process that define right or wrong for an individual or a community.

how should I SCORE
in this course

what sort of student
should I strive to be?

what values are
important?

what standards or
principles should I
live by?

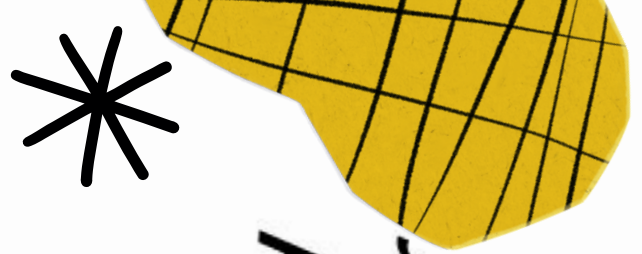
- Good ethics should be seen as a driver of profitability rather than a burden on business.

An ethical framework is part of good corporate governance and suggests a well-run business.

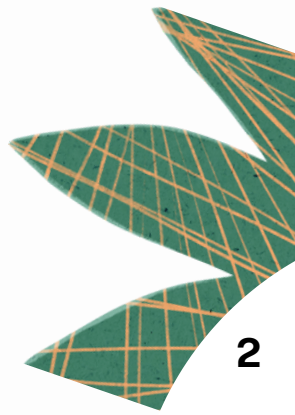
Employees will be motivated in the knowledge that they operate in an environment of good ethical corporate behaviour.

Employees will not blindly accept orders to act in a manner that they personally believe to be unethical.

the importance



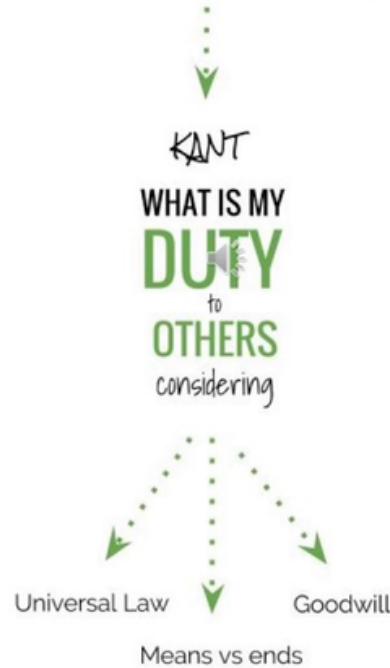
"A system or code of conduct and morals advocated by a particular individual or group"



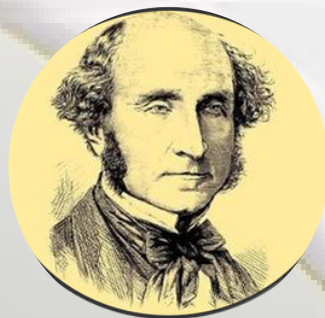
CONSEQUENTIAL THEORIES (or Teleology)



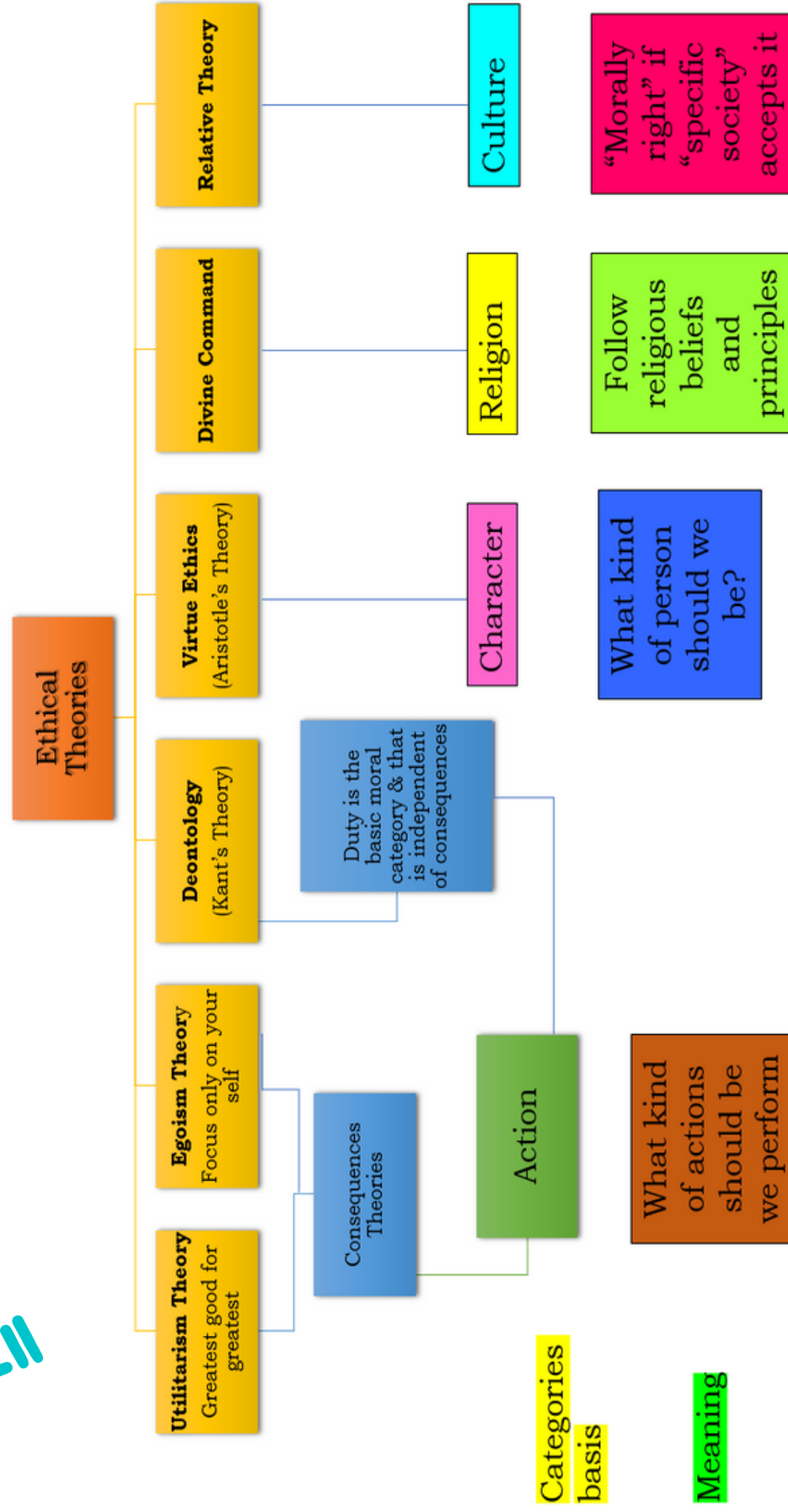
NON-CONSEQUENTIAL THEORIES (or Deontology)



ALTERNATIVE APPROACHES (or Virtue theories)



The ethical Theories



CONSEQUENTIAL @TELEOLOGY

look at the consequences of
any action to determine
whether an act is right or
wrong

A. utilitarian theory

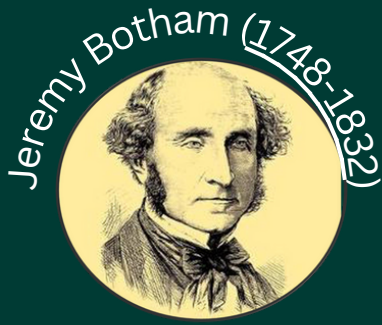
an act is considered to be morally right if it brings the greatest good for the greatest number. An action must do the most good and the least harm (Lavan & Martin 2008)

THEORIES

B. egoism theory

concerned about the consequences of the greatest good for the person only without considering the consequences for others

Utilitarianism



Utilitarianism refers to a theory of morality that determines the outcomes of action as right or wrong based on the larger good it causes.

It is the basis of most of the actions organizations take across the globe to benefit the whole world.

The most important aspect of this theory is that all actions must create happiness for all without considering justice, integrity, political impact, and social change.

Key takeaways

Utilitarianism theory (or universal hedonism) refers to an ethical theory that **determines the morality of the actions of an individual based on their outcome**. If the outcome of any action is **positive for everyone in society, then it's morally correct; otherwise, it is wrong**. Therefore, it is necessary to advocate actions for collective happiness and prohibit actions promoting unhappiness in society

According to the theory, actions that make people happy are ethically correct. Therefore, any action that leads to more people being happy and fewer people being sad is ethical.

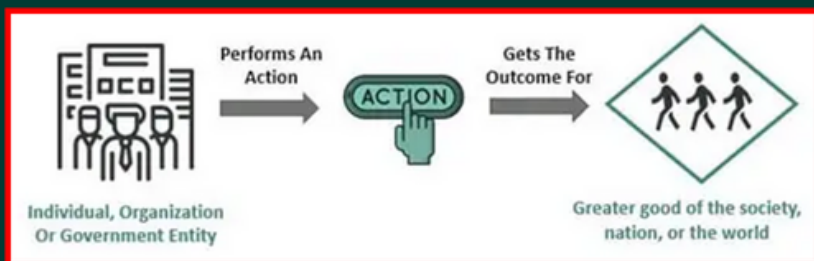
3 basic axioms of this influential moral theory are the following-

Everyone's pleasure or happiness counts equally.

The only things having intrinsic value are pleasure and happiness.

Actions are correct only if they ensure happiness and wrong or bad if they produce unhappiness.

3 Axioms Of Utilitarianism



Utilitarianism Uses

Political Economy

the government collecting taxes from the rich and distributing the money to the poor through schemes and employment opportunities to ensure equal income distribution

Business & Commerce

-producers display utilitarianism when they decide to produce goods and services, ensuring that their products maximize profits and benefit everyone, including the workers and the customers

the best choice is that which produces the greatest goods and services for the greatest number.

Corporate Workplace

-companies/firms aim at being socially responsible and improving their reputation firms make them in a way that benefits the owners, workers, and consumers equally



Example 1#

four people suffer from kidney damage, liver damage, brain hemorrhage, and heart disease. All of them need urgent organ transplants for their survival.

Incidentally, another person named Hayden has been in a coma for the last five years. Doctors have expressed less hope for the survival of the person

However, per the utilitarian theory, the greater good lies in helping the four patients needing organ transplants after the mercy killing is approved

Hence Hayden's organs would be utilized to help the other four people to survive, which is the best outcome of the action

The scenario of war comes to foresight. Whenever a country decides to go to war with any country, its outcome decides the right or wrong of the action.

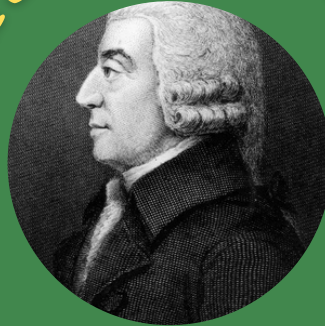
For example, let there be a small country that is defenseless and fears losing its territory to a powerful nation if it doesn't fight the war. However, if it goes to war, the outcomes would be large-scale destruction of property and huge losses of life.

Example 2#

Therefore, it has to choose based on the universal hedonism concept regarding going to war. If the defenseless country can avoid the war and maintain its sovereignty, then not going to war is a good decision. In contrast, if avoiding war results in losing huge lives, sovereignty, and dignity of the nation, then fighting war becomes a good decision.

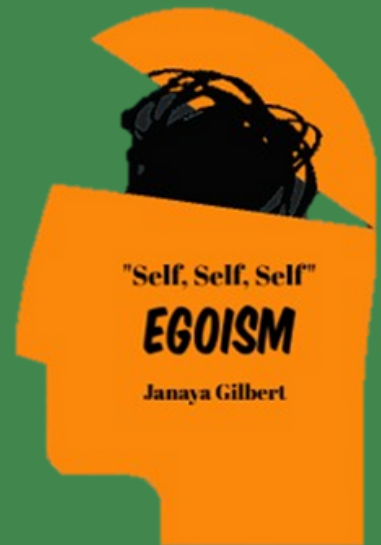
EgOiSm Theories

Adam Smith (1723 - 1790)



Definition

Egoism is a broad ethical theory that asserts that **individuals should act in their self-interest and pursue their own well-being as the primary moral goal.**



Types Of Egoism

Egoism posits that individuals are motivated primarily by self-interest and should make decisions that maximize their own happiness, satisfaction, or benefit



Psychological Egoism
We 'do' act in our own self-interest.

Ethical Egoism
We 'should' act in our own self-interest.

Descriptive Theory

“What motivates human behaviour”

Psychological

1. Explains that every human action is motivated by self-interest
2. People may appear to act altruistically, but this is only in order to fulfil one's self-interest.



Example

Someone who works for the benefit of others, such as within the charity sector or as a volunteer, may appear to be selfless, but they are actually acting for selfish reasons such as the desire for recognition or wanting to feel good about themselves

Normative Theory

“views the *primary* subject of moral judgment to be a
person's character”

Ethical Egoism

1. The position that it is always right (i.e., it is always ethical) to act in one's own self-interest.
2. Differs from psychological egoism in the sense that it places an ethical, moral judgement on the decision to act in one's own self-interest

Choosing to invest in a company that serves your interest:

People often invest in businesses that some may consider bad for the environment, yet also deliver excellent dividends. As this choice is most beneficial to the individual, it is seen as a morally acceptable choice.

Example



DIFFERENCES BETWEEN:



Psychological

States that self-interest motivates all human actions

A descriptive theory

Everybody is ultimately motivated solely by his/her self-interest

Describes the reason for human behaviour and actions



Ethical

States that all people should/ought to be motivated by self-interest for their actions

A normative or prescriptive theory

Prescribes selfishness or self-interest to be the ultimate motivation for individual actions

Recommends how human behaviour or actions should be



Key Takeaways

1

- There are 2 types of egoism: psychological egoism, & ethical egoism

2

- compares an individual's physical and intellectual capabilities to property rights, arguing that a person should be able to do whatever they want with both their mind and body since they are the natural owner of both.

3

- Egoism forwards the idea that the existence of a state is incompatible with egoists.



NON-CONSEQUENTIAL @DEONTOLOGY

Deontology is based on the view that morality is derived from duty or obligation.

This theory suggests an individual should act based on what they believe to be morally right, regardless of the consequences

The rightness/ wrongness of an action is determined by inherent nature & cannot be affected by any of its consequences

Example

Honesty

Telling the truth no matter what, even if it may lead to unfavorable outcomes. So, it would be wrong if a boy lied about stealing a candy bar from the store

Respect

Showing respect to others by honoring their wishes and beliefs, even if you disagree with them. If a friend asks you not to talk about a specific subject, it would be wrong to disregard this wish

Moderation

Acting in moderation and not overindulging, even if it's something you enjoy. So, if you like a cake, it would be wrong to overeat it and make yourself sick.

Immanuel Kant
(1724-1804)

In 1785, Immanuel Kant proposed his famous **categorical imperative**, which states that an action is morally permissible only if it follows a universal law.

In other words, the morality of an action is not judged by its results but rather by whether it meets a certain set of universal standards.

“act only according to that maxim whereby you can at the same time will that it should become a universal law” (Kant, 1994)

Immanuel Kant
(1724-1804)

Prima Facie Duties

a way to reconcile deontological ethics with the complexity of real-world moral decision-making

moral duties that are binding unless overridden by a more compelling duty in a particular situation

including duties of fidelity (keeping promises), duties of reparation (making amends for harm done), duties of gratitude, duties of beneficence (doing good to others), duties of self-improvement, and duties of non-maleficence (avoiding harm to others).

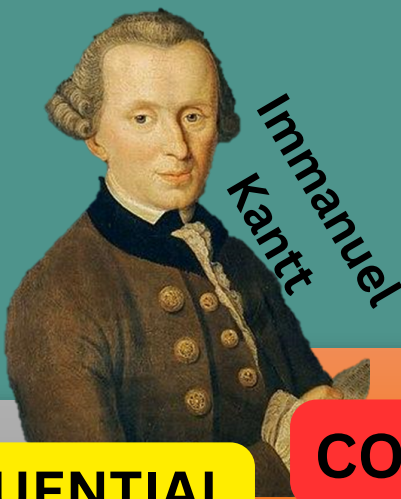
frameworks or systems that provide guidance for determining what is morally right or wrong

Moral Theories

Deontology and consequentialism are two broad categories of moral theories

moral theories, such as virtue ethics, care ethics, and rights-based ethics, offer different approaches to moral decision-making



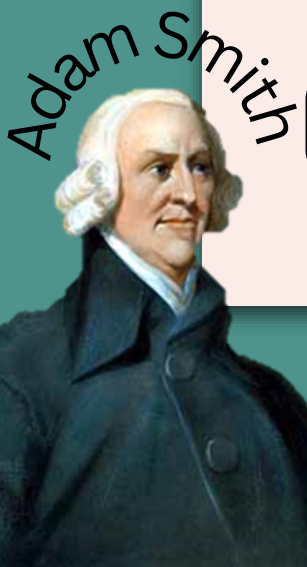


NON-CONSEQUENTIAL @DEONTOLOGY

an ethical theory that states it is possible to determine the rightness/wrongness of actions w/out focusing on their consequences

Not focus on the consequences of an action

Duty,
rule, obligation
based



CONSEQUENTIAL @TELEOLOGY

Consequences is an ethical theory that states it is possible to determine the rightness of actions by examining its consequences

Mainly focus on the consequences

Consequences
based



Organizational values

trust
communication
teamwork
perfection
confidence
support
excellence
pride
commitment
leadership
Values
accountability
integrity
honesty
progress
quality
courage
respect
reliability
vision
openness
simplicity
passion
potential

Promoting
ethical behaviour

Organizational Value

CORE
VALUES:

INTEGRITY

COURAGE

EXCELLENCE

JOY

Organizational values are the basic building blocks of the fundamental beliefs and principles a company is built on.

They also define a company's identity lay the foundation for employees, and set the tone for how they interact with each other, customers, and stakeholders.

They are a considerable influence, guiding the company's behavior, culture, and decision-making processes.

Organizational values are the fundamental beliefs and principles on which an organisation functions and guide the day-to-day decisions and behaviour.

They define the company's core identity and help it create a sense of direction and purpose.

Openness

- A culture high on openness encourages receiving and giving ideas and feelings from internal and external environment.
- Openness may also mean spatial openness, in terms of accessibility like installing facebook, no separate cabin for executives.
- This openness combined with willingness to share results in greater clarity of objectives and free interactions among people.



Trust

- No matter how many such formal structures there may be in organisations, if we do not trust each other simply to do what we say we will, we cannot conduct business in the modern world.
- Trust is confidence in the integrity, ability, character, and truth of a person thing (Berube, 1985).
- It is the most critical prerequisite for knowledge exchange and without trust, knowledge initiatives will fail, regardless of how thoroughly they are supported by technology and rhetoric (public speaking) (Davenport and Prusak, 1998).



Honesty

- In the context of human communication, people are generally said to be honest when they tell the truth to the best of their knowledge and do not hide what they know or think.
- Apart from being truthful, honesty is also generally thought to involve abstaining from unfair behavior.



Empowerment

- Empowerment should be seen as the process of an individual enabling himself to take action and control work and decision-making in autonomous ways.
- The organization is responsible for creating a work environment that helps foster the ability and desire of employees to act in empowered ways.
- The work organization is responsible for removing barriers that limit staff's ability to act in empowered ways.



How To Promote

organizational Values?

1. One effective way to define the values of an organisation is to **involve employees in the process**.
2. Conduct surveys or focus groups to gather input on what values employees believe are most important to the organisation.

1. Your **mission and vision statements** can provide a **starting point for defining the values** of your organization.
2. Look for key themes and values that are reflected in these statements and consider how they can be translated into specific organisational values

1. Consider **industry standards and best practices** when defining your company's values. What values are most important in your industry, and how can they be reflected in your organisation?

1. Take **inspiration from successful companies and their values**.
2. What values have helped these companies achieve success, and how can they be adapted to your organisation?



TRUST -- OPENNESS -- RESPECT -- ACCOUNTABILITY

Business ethics is increasingly important in the workplace. It governs attitudes and behavior at work. It can be defined in a number of ways.

However, to be appropriate, the definition should cover certain key aspects. Business ethics can also help to promote particular organizational values that a business should try and uphold.



The following situations describe behaviour in the workplace. They all demonstrate organisational values which are consistent with ethical business behaviour.

1. The Managing director of the company invites a range of staff from all levels of the organization to the end-of-year function.

Ans:

2. Your team failed to achieve its targets last month. Accepting the failure, you recommend to your manager

Ans:

For each situation described, state the organizational value that is being demonstrated.

3. At your appraisal you tell your manager about certain motivational problems, which are affecting your work.

Ans:

4. You have asked to work from home. Your manager agrees suggesting you should prioritise your own work

Ans:

TRUST -- OPENNESS -- RESPECT -- ACCOUNTABILITY

Business ethics is increasingly important in the workplace. It governs attitudes and behavior at work. It can be defined in a number of ways.

However, to be appropriate, the definition should cover certain key aspects. Business ethics can also help to promote particular organizational values that a business should try and uphold.



The following situations describe behaviour in the workplace. They all demonstrate organisational values which are consistent with ethical business behaviour.

1. The Managing director of the company invites a range of staff from all levels of the organization to the end-of-year function

Ans: Respect

2. Your team failed to achieve its targets last month. Accepting the failure, you recommend to your manager

**Ans:
Accountability**

For each situation described, state the organizational value that is being demonstrated.

3. At your appraisal you tell your manager about certain motivational problems, which are affecting your work.

Ans: Openness

4. You have asked to work from home. Your manager agrees suggesting you should prioritise your own work

Ans: Trust

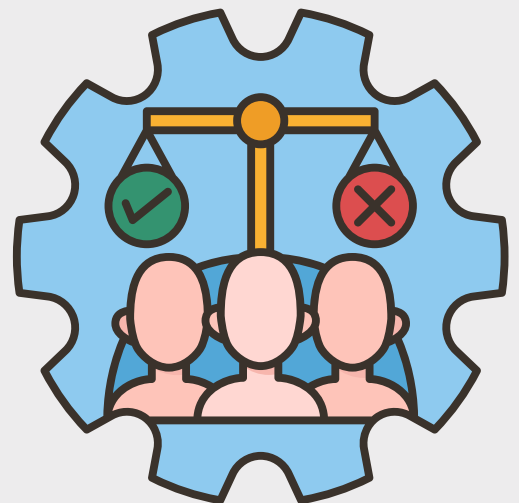


Ethical BEHAVIOUR



ETHICAL BEHAVIOUR

Ethical behavior refers to conduct that is in accordance with accepted principles of morality and fairness. It involves adhering to a set of moral standards or values that guide one's actions and decisions. Ethical behavior typically includes traits such as honesty, integrity, respect for others, and a commitment to doing what is right, even when it may be difficult or inconvenient.



KEY COMPONENTS

of ethical behavior might encompass the following:

1

HONESTY

Being truthful and straightforward in all interactions and communications, and not deceiving or misleading others.



2

INTEGRITY

Maintaining a strong sense of moral principles and consistency in one's actions, regardless of external pressures or temptations to compromise those principles.



3

RESPECT

Treating others with dignity, empathy, and fairness, regardless of their background, beliefs, or characteristics.





4

RESPONSIBILITY

Taking ownership of one's actions and decisions, being accountable for one's mistakes, and fulfilling obligations and commitments.

5

FAIRNESS

Ensuring that decisions and actions are just and equitable, without showing favoritism or discrimination.

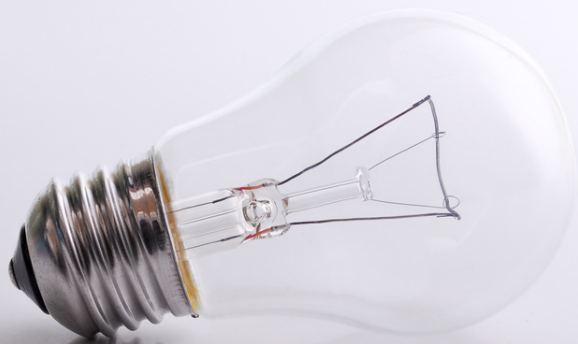


6

COMPASSION

Demonstrating empathy and concern for the well-being of others, and taking action to help those in need when possible.





7

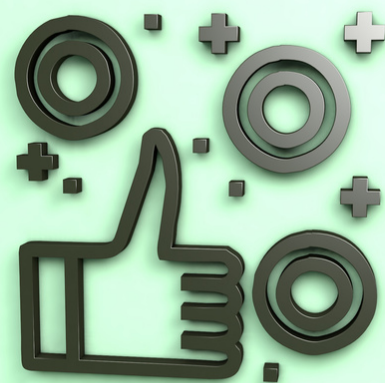
TRANSPARENCY

Being open and honest about one's intentions, actions, and potential conflicts of interest.

8

TRUSTWORTHINESS

Building and maintaining the trust of others through consistent ethical behavior and reliability.



9

OPENNESS

Willingness and capacity to be open, truthful, and forthright in one's words, actions, and communication. Being honest and open-minded in one's dealings with others.



ETHICAL BEHAVIOUR

Ethical behavior can vary across cultures and contexts, and what is considered ethical in one situation may not be the same in another. However, ethical behavior is generally grounded in principles that prioritize the welfare and rights of individuals and promote a sense of moral responsibility towards others and society as a whole.





Unethical

BEHAVIOUR

THE DEFINITION

Unethical behavior refers to actions, decisions, or conduct that violate accepted moral principles, ethical standards, or societal norms. It involves behavior that is considered wrong, dishonest, or morally unacceptable. Unethical behavior can take various forms and may include actions that harm individuals, organizations, or society as a whole

EXAMPLE

OF UNETHICAL BEHAVIOR

Dishonesty

Lying, cheating, or engaging in deception to gain an unfair advantage or avoid consequences.

Stealing

Taking property or resources that do not belong to you without permission, including embezzlement or theft.

Bribery

Offering or accepting bribes, kickbacks, or favors in exchange for preferential treatment or influence.

Conflict of Interest

Failing to disclose or manage conflicts of interest that could compromise one's ability to make impartial decisions.

Plagiarism

Presenting someone else's work, ideas, or intellectual property as one's own without proper attribution.

Discrimination

Engaging in behavior that targets individuals or groups based on characteristics such as race, gender, religion, or sexual orientation.

Unfair Treatment

Treating others unfairly or with prejudice, including favoritism or discrimination.

Sabotage

Deliberately undermining or damaging the work, reputation, or property of others.

Privacy Invasion

Violating the privacy rights of individuals by accessing their personal information without consent.

“Unethical behavior is generally considered harmful and unacceptable because it can lead to negative consequences for individuals, organizations, and society as a whole. It erodes trust, damages relationships, undermines the integrity of institutions, and can result in legal and social repercussions.”

REAL CASE

The Enron Scandal: A Case Study in Corporate Ethics

BACKGROUND:

Enron Corporation was once one of the largest and most respected energy companies in the United States. However, in the early 2000s, it became embroiled in a massive scandal that resulted in its bankruptcy and the loss of billions of dollars for investors and employees. The Enron case is a classic example of unethical behavior at the highest levels of a corporation.



Financial Fraud

Enron executives, including CEO Kenneth Lay and CFO Andrew Fastow, engaged in accounting fraud. They created off-balance-sheet partnerships to hide debt, inflate profits, and manipulate the company's financial statements. This allowed them to maintain the appearance of a successful company when, in reality, it was financially troubled.

Lack of Transparency

Enron failed to disclose its true financial condition to investors, shareholders, and employees. This lack of transparency led to a false sense of security among stakeholders.

Conflicts of Interest

Andrew Fastow's role as both the CFO of Enron and the manager of some of the off-balance-sheet entities created a significant conflict of interest. This allowed him to profit personally while harming the company.

Corporate Culture

Enron's corporate culture prioritized short-term profits over ethical behavior and long-term sustainability. Employees who questioned the company's practices were often marginalized or fired.

Ethical Issues

1. Integrity: The top executives at Enron lacked integrity by engaging in fraudulent activities and hiding the company's financial problems.
2. Accountability: Enron's board of directors failed in its oversight responsibilities, contributing to the ethical breakdown.
3. Transparency: The company's lack of transparency violated the trust of shareholders, employees, and investors.
4. Corporate Culture: Enron's corporate culture allowed unethical behavior to flourish.

ENRON SCANDAL

Consequences:

Thousands of employees lost their jobs and life savings

Confidence in the integrity of financial markets was undermined.

New regulations, such as the Sarbanes-Oxley Act, were introduced to prevent similar scandals.



LESSONS LEARNED

The Enron case serves as a cautionary tale about the importance of ethical behavior in business. It highlights the need for transparency, integrity, and strong corporate governance to prevent ethical lapses at the highest levels of an organization. The scandal led to significant changes in corporate governance and accounting practices.

CONCLUSION:

The Enron case study is a stark reminder that unethical behavior can have devastating consequences for individuals, organizations, and society as a whole. It underscores the importance of upholding ethical standards and the role of leadership in setting the tone for ethical conduct within an organization.




CASE STUDY 1

Home Care is an elderly care service provider owned by Madam Yasmin. The centre provides care to the elderly who lives with age-related conditions, to enable them to enjoy their life independently in a comfortable environment. It offers home care service to those who are in need, especially the elderly. The centre recruited experience and high knowledgeable staffs to cater the best service to its customers. Attractive and reasonable packages were offered by the centre depending on customer needs.

Having a degree qualification in accounting plus a diverse working experience in various industry, Remy heads the finance department of Home Care. He manages the financial aspect for the centre including; handling cash inflows and outflows, preparation of budgets and the related. However, Remy faces conflict of interest where he put his personal interest upfront while performing his duties as the head of the finance department. Remy knew that nobody would notice his misconduct in the finance department since he has access to the system and documents and be able to cover it well. Remy also taking advantage on his close relationship with Madam Yasmin as she has treated him like her own son and give full trust as well authority for him to handle the finance department.

Remy confidently feels that Madam Yasmin will not suspect him to be involved in the malpractices and there is a slim chance for him to get caught. Taking some amount of cash into his pocket whenever he feels to do it has become a habit to Remy. The reason for his actions is to pay for his parents' medical bills. His mother is suffering from chronic kidney problem which requires her to undergo dialysis treatments. On the other hands, his father is having a heart problem that urgently need to do a heart surgery. The costs involved for both treatments are beyond Remy's expectation. Remy rationalised his action by putting his responsibility as a good son in serving his parents' needs.

Discuss is the action taken by Remy is appropriate.



**"Character is doing the right thing when nobody's looking. There are too many people who think that the only thing that's right is to get by, and the only thing that's wrong is to get caught."
- J.C. Watts**

ANSWER CASE STUDY 1

Remy is the head of the finance department at Home Care, an elderly care service provider owned by Madam Yasmin. The center offers care to elderly individuals with age-related conditions and recruits experienced staff to provide quality service. Remy, despite his qualifications and experience, is engaging in misconduct by prioritizing his personal interests over his job responsibilities. He is taking cash from the company for personal use and justifying it by saying he needs the money to pay for his parents' medical bills. Remy believes he won't get caught due to his access to financial records and his close relationship with Madam Yasmin, who trusts him like a son.

This situation raises ethical concerns regarding Remy's actions and his misuse of trust in the workplace.



CASE STUDY 2

"THE ETHICAL DILEMMA AT TECHCOM SOLUTIONS"

Introduction:

TechCom Solutions is a global technology company known for its innovative products and services. The company's success is largely attributed to its commitment to ethical behavior and corporate social responsibility. However, a recent situation has put the company's ethical values to the test.

Background:

TechCom Solutions operates in the highly competitive tech industry. To maintain its competitive edge, the company invests heavily in research and development (R&D). Over the years, TechCom has developed a reputation for fostering an environment of creativity and innovation among its employees. It encourages employees to submit ideas for new products, and it rewards those whose ideas lead to successful product launches.

The Ethical Dilemma:

Recently, a junior software engineer named Sarah discovered a serious security vulnerability in one of TechCom's flagship products. This vulnerability could potentially expose sensitive customer data to cyberattacks if left unaddressed. Sarah was excited about her discovery, as it was a breakthrough moment in her career. She knew that reporting this vulnerability to her superiors would likely lead to a substantial reward and recognition within the company.

However, as Sarah dug deeper into the issue, she found that the vulnerability was not an isolated incident. It was a result of a broader systemic problem within the company's software development process. She learned that some senior developers were aware of this issue but had not reported it. Instead, they had been instructed to prioritize the development of new features and downplay security concerns to meet product release deadlines.

The Dilemma:

Sarah was faced with an ethical dilemma. On one hand, she could report the security vulnerability to her superiors, potentially saving the company's reputation and customers' data. On the other hand, doing so could put her in a precarious position within the company, as it might reveal the negligence of some senior developers and management in addressing security concerns.



**"Character is
doing the right
thing when
nobody's looking.
There are too
many people who
think that the
only thing that's
right is to get by,
and the only thing
that's wrong is to
get caught."
- J.C. Watts**



CASE STUDY 2 (CON'T)

Resolution:

After much internal debate, Sarah decided to report the security vulnerability to her immediate supervisor. She felt that it was her ethical responsibility to do so, as the potential consequences of not reporting the issue could be severe.

Her supervisor escalated the matter to the higher-ups, and a thorough investigation was conducted. It was revealed that some senior developers had indeed neglected to report critical security concerns to meet deadlines. TechCom Solutions took immediate action by addressing the security vulnerability, providing necessary training to employees, and reevaluating its software development processes to prioritize security.

Outcome:

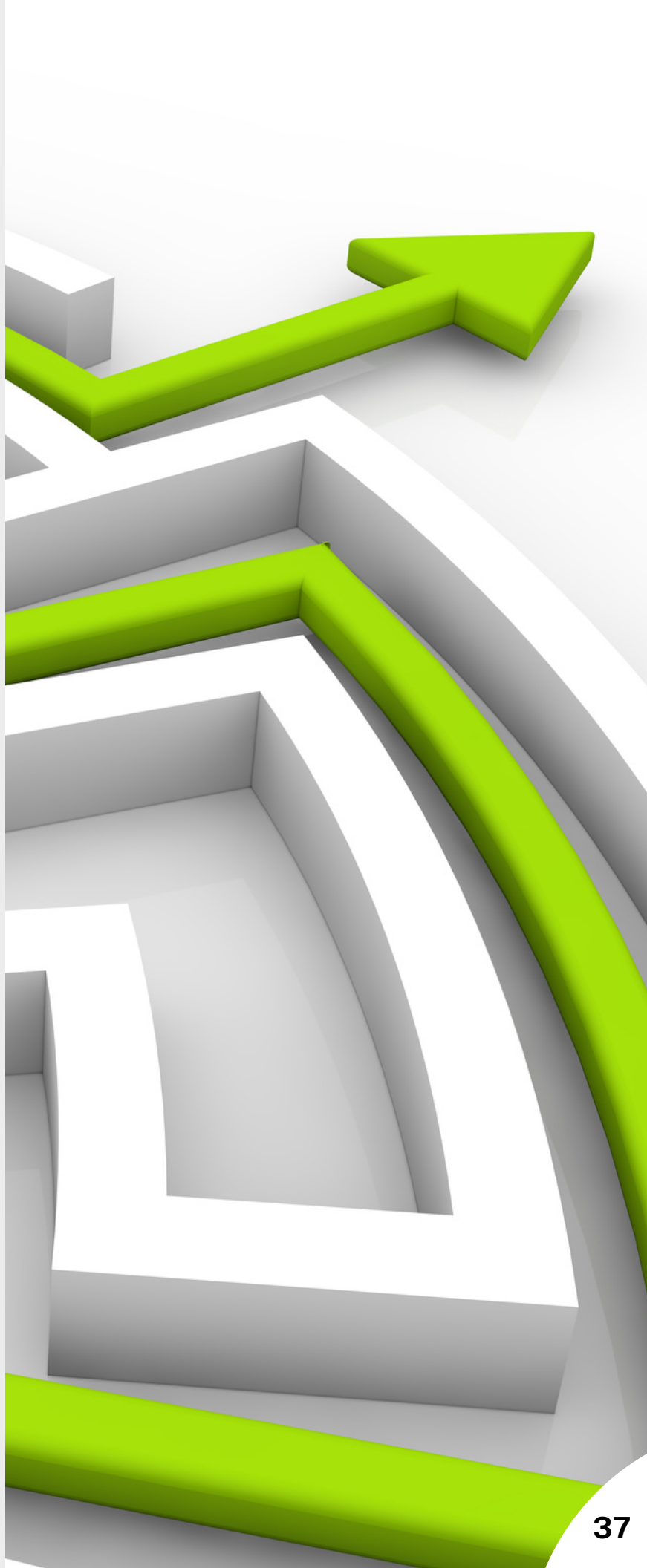
TechCom Solutions' prompt action not only prevented a potential security disaster but also reinforced its commitment to ethical behavior and the safety of its customers' data. The company learned that transparency and ethical decision-making are essential components of its corporate culture.

CONCLUSION

This case study emphasises the value of ethical behaviour in the workplace. It shows that moral dilemmas can occur in any organisation, but a dedication to ethical ideals can help employees make the right judgements, even in the face of challenging options. After this incident, TechCom Solutions maintained its reputation and strengthened its commitment to moral conduct and client security



Ethical challenges





ETHICAL CHALLENGES

Situations or dilemmas in which individuals or organizations face difficult decisions that involve moral principles, values, and ethical considerations. These challenges can arise in various contexts, including business, healthcare, politics, and everyday life. Ethical challenges often require individuals to navigate conflicting interests, make tough choices, and consider the potential consequences of their actions.

1

Business Ethics

Example:

Corporate Social Responsibility:

Deciding whether a company should prioritize profits or ethical responsibilities toward the environment and society.

2

Healthcare Ethics

Example:

End-of-Life Decisions:

Making choices about the withdrawal of life support or the withholding of treatment for terminally ill patients.

3

Legal Ethics

Example:

Conflict of Interest in Legal Representation:

Representing clients with conflicting interests or cases that challenge personal values.

Common CHALLENGES

4

Environmental Ethics

Example:

Resource Extraction:

Balancing economic development with environmental preservation and sustainability.

5

Personal Ethics

Example:

Honesty vs. Self-Preservation:

Facing situations where telling the truth may have negative consequences for oneself or others.

6

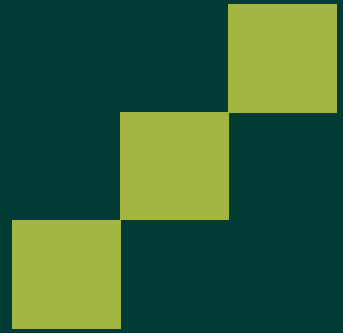
Research Ethics

Example:

Informed Consent:

Ensuring that research participants fully understand the risks and benefits of a study and voluntarily consent to participate.

ETHICAL CHALLENGES IN AN ORGANIZATIONS



Ethical Leadership:

Leaders may face ethical dilemmas when making decisions that affect the organization's financial performance, reputation, and employees. For example, choosing between layoffs and preserving jobs during a financial crisis.

Corporate Governance:

Ensuring transparent and accountable governance practices, avoiding conflicts of interest among board members and executives, and protecting shareholders' interests can pose ethical challenges.

Employee Treatment:

Organizations must grapple with ethical issues related to fair treatment of employees, including issues like discrimination, harassment, and wage disparities.

Whistleblowing:

Encouraging employees to report unethical behavior while also protecting whistleblowers from retaliation can be a challenging ethical dilemma for organizations.

Product Safety and Quality:

Ethical challenges may arise when organizations become aware of product defects or safety concerns, requiring decisions about recalls and consumer safety.

Environmental Responsibility:

Balancing environmental sustainability with profit-making can be a significant ethical challenge. Organizations may need to make choices between short-term financial gains and long-term environmental responsibility.

Conflict of Interest:

Managing conflicts of interest among employees and stakeholders can be complex, especially when personal interests conflict with the organization's interests.

Data Privacy and Security:

Safeguarding customer and employee data while using it for legitimate business purposes requires organizations to navigate privacy and security concerns.

Corporate Social Responsibility (CSR):

Organizations often face ethical dilemmas related to their CSR initiatives, deciding how to allocate resources to support social causes while still achieving financial goals.





CASE STUDY 3

"PATIENT CONFIDENTIALITY VS. PUBLIC SAFETY: AN ETHICAL DILEMMA IN HEALTHCARE"

BACKGROUND:

Imagine a healthcare organization named "CareWell Hospital," which is known for its commitment to patient confidentiality and privacy. The hospital's policies and culture prioritize safeguarding patient information, as is legally required. However, a challenging situation arises that puts these ethical principles to the test.

CASE SUMMARY:

In CareWell Hospital, a nurse named Sarah is caring for a patient named John who has been admitted for treatment of a severe and highly contagious infectious disease. While attending to John, Sarah learns that he recently traveled to a densely populated area where there is an outbreak of the disease. John is not aware of the potential consequences of his condition, and he expresses a desire to return home as soon as possible.

Sarah is faced with an ethical dilemma. She knows that if John leaves the hospital and returns home, he could unknowingly spread the disease to his family, neighbors, and the community at large. However, Sarah also understands the importance of patient confidentiality and the hospital's commitment to respecting patients' privacy. She is bound by the duty to keep patient information confidential.

ETHICAL ISSUES:

Patient Confidentiality:

The principle of patient confidentiality, which is a fundamental ethical and legal obligation in healthcare.

Public Safety:

The duty to protect the health and safety of the public, which may conflict with the duty to maintain patient confidentiality.

Informed Consent:

The patient's right to make decisions about their own healthcare, which includes being informed about the risks of their condition.

Professional Responsibility:

Sarah's ethical responsibility as a healthcare provider to act in the best interests of her patients while upholding the principles of her profession.

Ethical Dilemma:

The ethical dilemma revolves around Sarah's decision: Should she respect John's request for confidentiality and allow him to leave the hospital, potentially endangering public safety? Or should she take action to ensure that John is informed of the risks and consequences of his condition and potentially delay his discharge to protect the public?

CASE STUDY (CON'T)

"PATIENT CONFIDENTIALITY VS. PUBLIC SAFETY: AN ETHICAL DILEMMA IN HEALTHCARE"

QUESTIONS FOR DISCUSSION:

What ethical principles and values are in conflict in this case? How can these conflicts be resolved or balanced?

What are Sarah's ethical obligations to both John and the community? How should she prioritize these obligations?

Are there any legal considerations that should be taken into account when addressing this ethical dilemma?

What actions could Sarah take to uphold patient confidentiality while also addressing the potential public health risk?

How can healthcare organizations like CareWell Hospital establish policies and procedures that help healthcare providers navigate similar ethical challenges in the future?





CHALLENGE

Addressing these ethical challenges requires organizations to establish strong ethical cultures, provide ethics training, develop clear ethical policies, and encourage open communication about ethical concerns. Ethical leadership plays a critical role in guiding organizations through these challenges while upholding ethical principles and values.

Ethical challenges affect our interpersonal, professional, and societal interactions and are a natural element of human existence. These difficulties result from the intricate interaction of various values, interests, and moral precepts. They frequently put to the test our capacity to make moral judgements that are consistent with our individual and shared ideals.

Ethical challenges can manifest in various forms, such as dilemmas where competing values or obligations clash, situations that require balancing self-interest with the greater good, and issues involving moral ambiguity or uncertainty. These challenges are not isolated incidents but rather recurring and evolving aspects of our lives.

Ethics-related problems require a careful and thoughtful approach to solve. It entails self-reflection to identify one's beliefs and ethical principles, the growth of ethical decision-making abilities, and a dedication to acting ethically even in the face of pressure or difficulty. To negotiate divergent viewpoints and find morally sound answers, it also requires open communication and teamwork with others.

In both personal and professional contexts, recognizing and confronting ethical challenges is crucial for fostering trust, integrity, and accountability. Ethical behavior not only promotes individual well-being and social cohesion but also contributes to the long-term success and sustainability of organizations and societies.

In the long run, ethical challenges provide opportunities for growth, learning, and reaffirmation of our commitment to the values that direct us towards a more equitable, compassionate, and ethical world. We can work together to work towards a better future by approaching these difficulties with empathy, wisdom, and a commitment to ethical ideals.

THE conclusions



In conclusions ethical theories provide valuable frameworks for analyzing and evaluating moral dilemmas and guiding individuals and organizations toward ethical decision-making.

These theories offer different perspectives on what constitutes right and wrong behavior and help us understand the underlying principles that drive ethical choices. Some of the prominent ethical theories include utilitarianism, deontology, virtue ethics, and consequentialism, among others.

Utilitarianism emphasizes the greatest overall happiness as the criterion for ethical actions, while deontology focuses on adhering to universal moral principles, regardless of consequences. Virtue ethics emphasizes the development of virtuous character traits in individuals, and consequentialism evaluates actions based on their outcomes.

Each ethical theory has its strengths and weaknesses, and the choice of which theory to apply often depends on the specific circumstances and the values of the individual or organization involved.

Ethical dilemmas can be complex and challenging, but a sound understanding of ethical theories can aid in making well-reasoned and morally defensible decisions.

Ultimately, ethical theories provide us with a foundation for ethical reasoning and serve as a guide for navigating the complex terrain of ethical behavior in our personal and professional lives. By considering these theories and their implications, individuals and organizations can strive to make ethical choices that promote the greater good, uphold moral principles, and contribute to a just and compassionate society.

REFERENCES

Al-Hassan A.A., Faridahwati M.S., & Kamil M.I., (2013). Ethics and Ethical Theories from an Islamic Perspective. *International Journal of Islamic Thought*, Vol. 4: (Dec.) 2013

Drew, C. (February 12, 2023). 10 Deontology Examples. Helpful Professor. Retrieved from <https://helpfulprofessor.com/deontology-examples>

Haiming, W. (2020). The principles of new ethics II. New York: Routledge

Kaplan Financial Knowledge Bank (2020). Why business ethics is important. Retrieved from <https://kfknowledgebank.kaplan.co.uk/risk-ethics-and-governance/ethics>

Khalidah K.A., Zulkufly R., & Lau T.C. (2018). *Business Ethics Second Edition*. Selangor:Oxford

Rosli, M. H., Md Kassim, A.A. & Tamsir, F. (2019). Corporate Governance. Principles and Practices in Malaysia. Oxford University Press

StudySmarter (2023). Political Ideology Egoism. Retrieve from <https://www.studysmarter.co.uk/explanations/politics/political-ideology/egoism>

The Strategy Group, LLC (2022). Defining Your Organizational Values. Retrieved from <https://www.thestrategygroupllc.org/defining-your-organizational-values>

Wallstreetmojo Team (2023). Utilitarianism. Retrieved from <https://www.wallstreetmojo.com/utilitarianism/#examples>

PROFESSIONAL ETHICS

THE FUNDAMENTAL PRINCIPLES

This book provides a basic coverage on theories of ethics offer helpful frameworks for analysing and evaluating ethical difficulties and assisting people and organisations in making moral decisions. These theories help us comprehend the fundamental ideas that guide ethical decisions and provide many viewpoints on what defines right and wrong behaviour. Utilitarianism, deontology, virtue ethics, and consequentialism are a few of the well-known ethical theories.

Each ethical theory has its advantages and disadvantages, and the best one to choose is often dependent on the particular situation at hand as well as the values of the person or group in question. Complex and difficult ethical decisions can be made, but doing so benefits from having a solid grasp of the relevant ethical theories.

In the end, ethical theories give us a basis for moral thinking and act as a road map for negotiating the challenging landscape of ethical behaviour in both our personal and professional lives. Individuals and organisations can work to make moral decisions that advance the greater good, uphold moral ideals, and support a just and compassionate society by taking these theories and their consequences into account.



Published by,



www.ptss.edu.my

Address,

Commerce Department,
Politeknik Tuanku Syed Sirajuddin,
Pauh Putra, 02600 Arau,
Perlis

eISBN

