



“Challenges Before Finance Professional in Ethical Decision Making”

Dr.Anshu Gupta

Assistant Professor, Department of Commerce, Vidyant Hindu PG College, Lucknow

Shachi Rai

Research Scholar, Centre for International Trade & Development, Jawaharlal Nehru University, New Delhi.

ABSTRACT

Financial Professional guide the client about the investment policy, he does provide the complete information regarding business market and future outcome through his expert practice which lead benefit for investor, in other word finance professional are known as Financial Planner. In this paper we have discussed about the financial decision which get affected from the ethical condition and factor which deals with ethical decision making and its needs.

KEYWORDS : Finance Professional, Financial Planner, Ethics, Ethical Decision Making.

Introduction

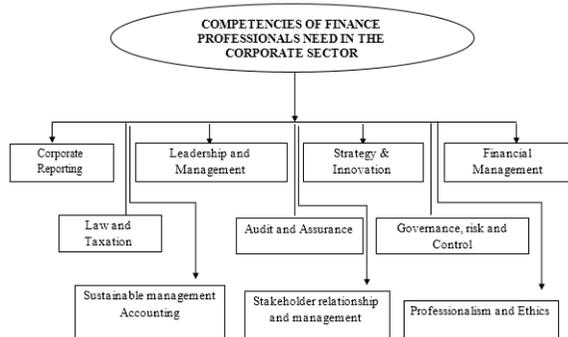
Financial Professional deal with various ethical dilemmas in their professional practice which rise out of situation which deals with, some time multiple stakeholder practice in which interest and values in conflict where as law may be uncertain. In order to provide best service by financial planner it required to behave rationally for which ethic plan effective role. Finance Professional are those who act and create positive platform for the investor for their betterment, Financial Professional guide the client about the investment policy, he does provide the complete information regarding business market and future outcome through his expert practice which lead benefit for investor, in other word finance professional are known as Financial Planner. Finance Professionals are those who play effective role for the efficiency increment for the business organization, more over financial decision taken by the business tycoon are on the basis of finance professional advice. But in some case professional advice are also affected due to some ethical factors which lead financial decision adverse result. Most of the time financial decisions are taken on the market condition but still ethical behaviour of financial professional overlap decisions.

Objective of the Study

The main objective of the study is to explore the concept of the Finance Professional and to know the importance and challenges of the finance professional.

Research Methodology

This research is an attempt to study the important and challenges of the finance professional. For this purpose exploratory research design is being used. The research is purely based on secondary data which has been collected from the various finance website, newspaper and through market information provided by various expertise.



| | |
|--|---|
| Corporate reporting | Preparing high quality business reports to support stakeholder understanding and decision making. |
| Leadership and Management | Managing resources and leading organizations effectively and ethically, understanding stakeholder needs and priorities. |
| Strategy and innovation | Assessing and evaluating strategic position and identifying imaginative options to improve performance and position; implementing strategies to ensure cost effective and innovative business process improvement and change management. |
| Financial management | Implementing effective investment and financing decisions within the business environment in areas such as investment appraisal, business re-organisations, tax and risk management, treasury and working capital management, to ensure value creation. |
| Sustainable Management Accounting | Assessing, evaluating and implementing management accounting and performance management systems for planning, measuring, controlling and monitoring business performance to ensure sustainable value creation. |
| Law and taxation | Understanding laws and regulation relating to business; understanding taxation, regulation and systems, to establish tax liabilities for individuals and companies, and minimising these liabilities using tax planning. |
| Audit and assurance | Providing high quality external audits; evaluating information systems and internal controls, and gathering evidence and performing procedures to meet the objectives of audit and assurance engagements. |
| Governance, risk and control | Ensuring effective and appropriate governance; evaluating, monitoring and implementing appropriate risk identification procedures; designing and implementing appropriate and effective internal audit and control systems. |
| Stakeholder relationship management | Managing stakeholder expectations and needs; aligning the organisation to their requirements; engaging stakeholders effectively and communicating relevant information. |
| Professionalism and ethics | Understanding and behaving in accordance with fundamental principles of ethical behaviour and personal ethics; ensuring implementation of appropriate corporate ethical frameworks. |

It is observed that many time decisions are taken by the financial expert according to ethical environment. Sometime though any invest is not favorable despite its financial manger take decision of investment though he was aware of future consequence, but as the financial manage in order to keep the word of superior he decide to make investment, bosses sometime does not aware of market condition and still take some finance decision which lead negative outcome as this

was intentionally taken by financial manager, it show ethical behavior play hindrance for the financial decision for expert.

The individual factors that influence eAthical decision making



The other Factor that influence ethical decision making



The above, factor which effect the decision of the finance professional as perception of individual as well as in other context. We have seen how individual factor effect the whole financial decision like age one of the factor for ethical decision somebody who are aged they always show that their decision are perfect in this financial planner has to go with his decision though financial planner was aware of consequence of that decision but due to ethical situation financial planner has to accept aged person decision .In same manner other individual factor and other factor affect the ethical decision making.

Challenges for Finance Professionals

- Obedience to Authority
- Conformity Bias
- Groupthink
- Over optimism
- Overconfidence
- Self Serving Bias
- Framing
- Sunk Cost
- The Tangible and the Abstract
- Time Delay Traps
- Loss Aversion

Conclusion

Financial professional are the specialized personnel who steer their client to make optimum portfolio of Investment which result in maximum return at minimum cost. Now a day, in managing the affair, the Financial Professional faces various ethical dilemmas in their practice because of uncertainty in law to manage the stakeholder and their specific obligation. It exemplifies that the financial planner do not act intentionally but rather unintentionally that results in there unethical behaviour. The study also reveals that most of the decision which has a negative implication is based on ethical decisions. So, it can be conclude that professional decisions are better than ethical decisions.

Reference:

- June Smith(2010) Ethics and Financial Advice: The Final Frontier.
- Anton Jamnik(2011) The Challenges Of Business Ethics – Management And The Question Of Ethics
- Various websites.