



FINANCIAL ETHOS IN PUBLIC FINANCE:AN ANALYSIS

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ABSTRACT

Public Finance ethos as an academic field is concerned with the moral issues that arise in each of these four areas and with the moral norms that apply to the activities that take place in them. The subject of finance ethics can be conveniently divided into four parts: finance theory, financial markets, financial services, and financial management. Finance ethics as an academic field is concerned with the moral issues that arise in each of these four areas and with the moral norms that apply to the activities that take place in them. Much of the activity of finance takes place in markets, in which currencies, commodities, and financial instruments, such as stock, bonds, futures, options, swaps, and derivatives, are traded. The fundamental ethical requirement of financial markets is that they be fair. The most commonly adopted means for ensuring fairness in markets is government regulation, although a significant degree of industry- and firm-level self-regulation is also employed in finance.

KEY WORDS:--Institutional investors, such as banks, insurance companies, mutual funds, and pension funds , Finance ethics; Financial management applications; Financial market; financial services.

INTRODUCTION

In response to ongoing concerns about public financial ethos, this study analyses the speech of company executives in quarterly earnings conference calls to appreciate strategic usage of ethics-related language. Against the backdrop of the recent global financial crisis, the Aristotelian concept of ethos provides a framework to investigate linguistic features that express ethical stance. Text analysis software was used to produce frequency profiles of features that were then further interpreted qualitatively. Results showed that the executives used a variety of more or less explicit terms to maintain a strong focus on trustworthiness and commitment to moving forward. The findings can inform the development of teaching materials that help learners become more effective correspondents in the context of IT-mediated financial reporting.

NATURE OF FINANCIAL ANALYSIS:

The financial statements are prepared on the basis of recorded facts. The recorded facts are these that can be expressed in monetary terms. The accounting records and financial statements are from those records are based on historical costs. The financial statements are prepared periodically for the accounting period--

1. Financial statements as composed of data, which are the results.
2. Recorded facts concerning business transaction.
3. Convention adopted to facilitate the accounting technique.
4. Postulates or assumptions made to personal judgment.
5. Application of correction and postulates.

MEANING AND DEFINATION OF PUBLIC FINANCIAL ANALYSIS

"Financial statements should be understandable, relevant, reliable and comparable. Reported assets, liabilities, equity, income and expenses are directly related to an organization's financial position. Financial statements are intended to be understandable by readers who have "a reasonable knowledge of business and economic activities and accounting and who are willing to study the information diligently."According to Lev- "financial statement analysis is an information processing system design to provide data for decision making models, such as the portfolio selection model, bank lending decision models and corporate financial models ".According to John Myer, "financial statement analysis is largely a study of relationship among the various financial factors in a business as disclosed by single set of statements and a study of the trend of these factors as shown in a series of statements. According to Kennedy and Muller, "the analysis and interpretation of financial statements reveal each and every aspect regarding the well-being financial soundness, operational efficiency and credit worthiness of the concern concerned".Financial statement analysis embraces the methods used in assessing and interpreting the result of past performance and current financial position as they relate to particular factors of interest in investment decisions.It is an important means of assessing past performance and in forecasting and planning future performance.

OBJECTIVES OF PUBLIC FINANCIAL ANALYSIS

1. The major objectives of financial statement analysis are to provide decision makers information about a business enterprise for use in decision making. Uses of financial statement information are management for evaluating the operational and financial efficiency of the enterprise as a whole or of sub units; investors for making investment decisions and portfolio decisions, lenders and creditors for determining the credit worthiness and solvency position; employee and labour unions for deciding economic status of the enterprise and making sound decisions in wage and salaries negotiations.

SIGNIFICANCE OF FINANCIAL ANALYSIS

Financial statements analysis is an attempt to determine the significance and meaning of the financial statements data, which measure the enterprise's liquidity profitability, forecast may be made of the future earnings, solvency and other indicators to assess its operating

efficiency, financial position and performance. Financial analysis serves the following purpose:

1. To know the operational efficiency of the business.
2. This will enable the management to locate weak spots of the business and take necessary remedial action.
3. Helpful in measuring the solvency of the firm in taking appropriate decisions for strengthening the short-term as well as long-term solvency of the firm.
4. Comparison of past and present results.
5. Financial analysis helps the managers in taking certain decisions for improving the profitability or reducing the losses of the firm.
6. Helps in judging the affluence i.e. the capacity of the business to repay their loans.
7. Financial statement analysis is a significance tool in predicting the economic financial failure and failure of the business enterprises.
8. The analysis will help in assessing future development by making forecasts and preparing budgets.

IDEAS

1. The company has to take measures to improve sales position.
2. The company has to spend more on advertisement to improve sales.
3. The company has to initiate proper policies towards current assets and current liabilities.
4. The company should encourage its employees to perform more in the organization.
5. The company has to maintain proper policy towards its profit.
6. The company has to concentrate to improve its efficiency in operations area.

The company should take proper measures to develop its long term and short term solvency position. The ethos in finance incorporate truthfulness, integrity, honesty, justice, and fairness in all sorts of financial activities. Financial ethics or business ethics are actually subsets of general ethics. It is crucial for maintaining harmony and stability in financial services where people interact with one another and do any sort of financial or monetary transactions. To understand it more properly, let us dive deep into both the terms separately-

Meaning of Finance

Finance talks about money about the market or other financial resources for example financial markets, investment, insider trading, etc. The field of finances is diverse, and it is mainly about the definition and interrelation of many factors such as money, risk, and time. These are assets that take the form of money, where banks serve as the primary facilitators. In the domain of financial markets, there are a plethora of activities that deal with the management of monetary funds. This backbone can help and direct companies in conducting their business. Companies can use this as a metric to know their position in the market and

leverage it to win a position over others. The knowledge of finances is also essential for making future investments, acquisitions, and other decisions. It is the heart and brain of any organization and has to be carefully followed.

Ethos in Public Finance

Ethics governs the course of action taken by a human that can be right or wrong. Generally speaking, ethics form the person's attitude to do right; and they can be specified in terms of a profession or even an organization in the form of business ethics. Since a company is primarily based on financial needs and directives, it must follow the ethics route towards the future. This can be achieved both internally and externally, thereby resulting in a suitable environment for employees, stakeholders as well as market position.

Ethos is one of the most critical and intricate aspects of an organization, especially in domains like finances. There is either "right" or "wrong" associated with any human action based on the organization's conventional morality and business ethics. Finance ethics is highly crucial because of the countless scandals and ethical issues of the financial industry. Ethics in the finance sector mainly revolves around the handling of material non-public information and reporting of the unethical act. Upholding ethical standards in finance-related activities by being aware, educated, and holding high moral standards in economic, corporate, business or finance activities. It resolves all sorts of unethical act and interests.

Moral code of standard

In the financial market, some barriers range from unequal information, misuse of power and resources, etc. In such cases and those which involve third-party connections, there is a dire need for a proper code to be followed in the industry. From investment to trading to stock to economical activities of the corporate or finance system, all follow an ethical code in all their transactions

Ethos in Public finance corporate dealings

The main objective of the financial industry is to have direct dealings with the industry. These directly connect to their clients in the form of product or service delivery where they look forward to winning their confidence. Despite the primary objective to maintain a competitive stature in the industry, they must do so on ethical grounds. In addition to such practices, being ethically right will give businesses good returns in the long term.

Public finance Ethos corporate behaviour and activities

In the financial industry, we can expect many people to be part of an organization. Since these have to work together at different levels and towards a similar core objective, there has to be a set of ethical rules and guidelines that have to be followed. They will help in proper management and higher productivity from the employees.

Codes of Ethos in Finance

Different moral codes that are supposed to be followed the finance-related behavior of a company towards its employees, customers, public and other stakeholders-Acting with honesty and integrity while handling dilemmas of the world of finances. Not associating with any real/clear conflicts of interest in personal, or company relationships. Providing information that is full, accurate, fair, complete, relevant, objective, understandable, and timely in and for different documents and reports. Acting in accordance with all the applicable rules, laws, and regulations of governments along with other relevant public/private regulatory agencies. Acting responsibly and in good faith with due care, carefulness, and competence without any sort of misrepresentation of material facts. Respecting the confidentiality of information which is acquired in the business course and such information should not be used for the personal benefit. Promoting ethical behavior among all the associates and stakeholders of a company. Adhering and promoting a code of ethics in the company

Key Financial of Ethos

Key terminologies that are an integral part of the information, investment, stock, trading, customers, and transaction sorts of activities of finances are-

Economical ,Social, Government

The full form of ESG is Economical, Social, and governance, and their positive impact show if the finances-system and related information are ethical or not.

Green finances

It talks about finance that focuses on offering measurable and positive environment. It is a set of six principles that give a global standard for responsible investment.

Global Compact

It is a voluntary initiative based on CEO commitments for the implementation of ten universal sustainability principles such as environmental responsibility, human rights, employee relations, anti-bribery and corruption, and business ethics

Sustainable Development Goals

It covers the 17 key goals that the United Nations published by focussing upon the alleviation of poverty, climate, inequality, environmental degradation, peace, prosperity, and justice.

Implementation of Ethos in Finances

To deal with ethical problems in finances like those ranging from ethical codes in place for financial professionals to the replacement of the egoistic theory, there are a large variety of domains covered in business ethics. It is not an uncommon practice of applying ethical means in contemporary businesses. These codes adhering to a morally established financial set of ethics are regulated and maintained by self-regulating agencies and official regulating authorities. These are kept in place to ensure ethically and morally responsible behaviour from the various operatives that operate in the financial market. Example of ethical violations in the financial market includes insider trading, investor management, campaign financing, and stockholder interest vs stakeholder interest. Businesses in both financial and general markets have to be wary of loyalty and trust violations in both private and public dealings. Businesses in both financial and general markets have to be wary of loyalty and trust violations in both private and public dealings. Over the years, there have been multiple cases of whistleblowing in the world. People have been involved in cases where just the knowledge of such practices landed them in problems. No one prefers to blow a whistle on their fellow worker or the organization. Still, it is also an essential and ethical duty to ensure that fair practices are being followed in the financial industry or society. For instance, take the example of Harshad Mehta in the 20th century. It was the morally responsible ethos of a news reporter to make sure such practices were reported.

The examples discussed above are just a handful compared to the various ethical situations and dilemmas faced by finance-professionals every day. Over these years, these professionals' involvement in countless various allegiances and scandals has given these professionals a black eye and completely rocked the industry. With proper knowledge of the guidelines that have to be followed, encouragement of ethics-driven behavior in the workplace, and following the highest standards of applied ethics is crucial for every finance professional today.

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