

A STUDY ON ETHICS IN ACCOUNTING

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Abstract

The present data age and business world requires the bookkeeping calling to maintain straightforwardness and give precise money related announcing. Bookkeepers along these lines, who are liable for creating precise, compact, and convenient money related reports, must maintain the best expectations of moral obligation. Be that as it may, moral conduct among bookkeeping experts isn't constantly guaranteed. The momentum inquire about inspects whether there is a solid shared relationship between the bookkeeping calling and the job of the bookkeeper. The examination additionally inspects the job of expert bookkeeping bodies' in advancing and upgrading morals in the worldwide bookkeeping calling. Results demonstrate that the bookkeeper's job is needy of the bookkeeping calling morals.

Keyword: Ethics, Accounting, Earnings Management, Ethical Accounting

INTRODUCTION

The word 'Ethics' is derived from the Greek word 'Ethos' (Character) and Latin word 'Moras' (Customs). Taken together these two words define how individuals choose to interact with one another. Thus, ethics is about choices. It signifies how people act in order to make 'right' choice and produce 'good behaviour'. Every business entity has to maintaining Ethical Standards in order to survive successfully in the market and improve total organizational competencies and efficiencies. Ethics means the basic concepts and fundamental principles of right human conduct, which involves differentiating between good and bad, right and wrong, so that an accounting professional follows what is principally right for him to do. Accounting profession involves various functions of accounting, such as, recording of all business events that are of financial character, classifying and summarizing them and presenting them in the form of Profit and Loss Statement, Balance Sheet and Cash Flow Statement. Therefore, the way these activities are performed is very important and it has a lot do with maintaining Accounting Ethics of Accountants. Comparable historical studies of an Ethical Movement in India or specifically of ethics statement / code of Indian companies are not available. In the aftermath of successive stock market crashes, the Securities and Exchange Board of India (SEBI) decided in 2001, to introduce a code of ethics for directors and other functionaries of Stock Exchanges. Consequently, amendment to Clause 49 of the Listing Agreement relating to Corporate Government made by the Stock th Exchanges at the instance of SEBI through a circular dated 29 October 2004 (effective date 1st April 2005 extended up to 31 December 2005) has made it mandatory for listed companies to lay down a code of conduct for all board members. Code of Conduct acts as a directive and guide to employees and other stakeholders in laying down the organization's expectation of them and is a reference to all other detailed policies of the organization. It promotes the organization value and enhances its Ethical Environment. It is a Statement of Organizational Values. Large Business often has written code of ethics and employees are twined in them and required to adhere to the code. In this Context, the Present Study is undertaken to analyze the Code of Conduct Practices of BSE 30 Companies.

Impact of Ethics in Accounting on Society

Ethics in accounting necessitates that financial statements ought to be valuable for end clients to facilitate their monetary decision making process. Business society anticipates that accounting professionals should stick to moral guidelines and guarantee the opportune, precise, and straightforward data is introduced to all end-clients. Any endeavors to purposely develop bogus financial statement summaries could seriously harm the standing of a business and lead to the accompanying:

- **Increased criminal and extortion exercises:** Poor moral contemplations by an organization's accountants limit the degree of oversight and control by bosses, which makes escape clauses for evaluators to participate in unscrupulous conduct and cover

proof. It sets out open doors for huge information controls, prompting the responsibility of genuine violations, for example, tax avoidance and extortion.

- **Damaged notoriety of the business:** Unethical exercises by bookkeeping experts influence an association's dependability and notoriety to its partners. Nonattendance of trust because of dishonest exercises corrupts the company's character, which makes it hard to lead business.
- **Limited helpfulness of financial statement:** Unethical practices of bookkeepers are infringement of the guidelines since they involve fiscal report data control. Subsequently, such budget summaries have a less suitable lawful status, which incredibly influences the dynamic cycle.

Scope of the Study

The study centers around the reactions and perspectives on bookkeepers according to their reliance or independency on the bookkeeping calling's morals as inserted in the authoritative culture. The examination additionally assesses the effect of bookkeeping experts' disposition towards morals on their dynamic, judgment, and adherence to proficient direct prerequisites. Different angles that may impact a bookkeeping expert's moral behaviors is excluded from the investigation. Further, the investigation just spotlights on the perspectives on monetary experts like bookkeepers, monetary directors, inspectors, monetary advisors, and different experts who are straightforwardly take part in the bookkeeping job on a regular premise. Along these lines, sees from different experts who don't effectively and straightforwardly assume a part in the bookkeeping field are excluded from the investigation. The overview intentionally centers around experts inside the monetary administrations industry, and doesn't consider the individuals who are working in different enterprises.

LITERATURE REVIEW

Kannaiah & Kumar (2009), "An Urgent Need for Ethics Education for Accountants", Empirical evidence suggests that ethics education is now integrated into accounting curricula mainly in auditing courses. Entry level accountants will only make morally dependable decisions if the business environment and universities support ethics education. Students should be first taught general business ethics. Accounting ethics topics must be integrated into each and every accounting module throughout the programme. Universities must develop a capstone course that deals with complex issues of business social responsibility and professional responsibility for senior professionals. Accounting firms need to evaluate periodically the design and operating effectiveness of the organization's compliance and ethics programmes and to assess their overall effectiveness.

Parmar (2015), "Ethical Issues in Accounting & Finance", their paper focuses on the concept of ethics and its implications on role of accounting professionals and important issues in accounting and finance. Ethics has become a most topical issue of concern in accounting and finance at present owing to the series of corporate scandals that had taken place in the world affecting the credibility of the accounting profession. These scandals have placed in doubt the effectiveness of contemporary accounting, auditing and corporate governance practices, for which accountants are responsible. Thus, the ethical code of conduct is closely linked with the accounting profession. Hence, we can say that the ethics has become an essential part for accounting professionals.

Athma & Rajyalaxmi(2017), "ETHICS IN ACCOUNTING: A CASE STUDY OF BSE 30 COMPANIES", They suggested that Every Company has to prepare Code of Conduct given by SEBI along with the Financial Statements at the end of the financial year. Some Companies are following Code of Conduct given in Clause 49 Form A, and some companies have separate code of conduct and companies can as well include voluntary information in their code of conduct. Of 131 top ethical Companies in the world, only three Indian Companies (Two BSE Listed and One NSE Listed) found place in the list indicating that other companies should strive for being more ethical. Adequate monitoring and proper enforcement of Ethical Standards will result in adherence to Ethical Standards.

Jajairam (2017), "Ethics in Accounting", Their research established that ethics dimensioning for the accounting profession is essential for national professional bodies in increasing business reputation, and usefulness of financial statements, while decreasing criminal activities and fraud. The research hypothesis also proved that the accountants' role is dependent on an organization's

emphasis on culture and accountability. Therefore, it is essential for the government and public governing bodies to advocate and develop ethical practices in accounting firms.

Sharma(2019), “Accounting Ethics Standards in India”, researcher examines the role of leaders or the upper management is very important, they should have the ability to instill the ethic sense to new trainees and teach them ethics is very important even in challenging situations. When the major scandals occurred in 2001 and 2002 there were codes of ethics which already existed at that point. Regardless of these still these scandals happened. This is a big example and consequence of disregarding ethics in work. It can be concluded that accounting ethics training and awareness should be provided occasionally by all organizations dealing with Finance and Accounting. Accounting ethics courses should be included in all finance curricula so that students can get a better grasp of the ethical code of conduct and learn to abide by it from a young age.

Significance of the Study

The study supplements the existing literature on ethics in accounting by contributing new information regarding the role of organizational culture in imparting ethical conduct among accounting professionals. It also provides further information regarding the impact of personal attitudes held by accounting professionals regarding their ethical conduct in making judgments and decisions as they perform their roles. The identification of influential and significant factors that are related to ethical motivation of management accountants is vital in organizational management. The findings of this study can be used by organizational managers and decision makers in determining the best course of action that they can take to ensure compliance with ethical standards in the preparation and presentation of financial information. Additionally, the literature provided by this research can be used by researchers who may want to expand research in this field in future.

RESEARCH METHODOLOGY

Research Design

The study adopted a qualitative descriptive research design. A survey method was used to collect primary data. A descriptive survey was ideal for this study due to its ability to consolidate qualitative and quantitative data. A qualitative descriptive research design provides a valid and accurate representation of the factors and variables under study.

Data Collection Methods and Tools

Primary data was collected by Augustine, et al. (Management Sciences faculty member, University of Benin) in order to find out the ethical role of accountants. The primary data collected by Augustine entailed an assessment of the responses from accountants in relation to their dependence on or independence from, the accountant’s role in accounting profession ethics. Data was collected using questionnaires, presented to employees at various financial institutions. Personnel from the finance, accounting, and management departments were requested to respond to the questionnaires with answers that depicted their views. There were ten questions in each questionnaire. Predetermined multiple choice responses were provided for each of the ten questions. The participants chose from five alternative responses that had been designed using the Likert Scale. To each question, the respondent was to choose one of the following responses;

1 = Strongly Disagree

2 = Disagree

3 = Undecided

4 = Agree

5 = Strongly Agree

Sample and Sampling Methods

The research sample was picked using the simple random sampling method. This approach was ideal because it eliminated researcher bias and created an equal opportunity for each prospective contributor to be chosen. A sample of 500 people were selected. The chosen respondents were contacted and questionnaires were presented to them to ensure 100% response rate. Given that the study focused on the views of financial professionals such as accountants, financial managers, auditors, financial consultants, and other professionals who were directly engaged in the accounting role on a frequent basis, participants were randomly chosen from this group only.

Data Analysis and Presentation

Table 1: Attitudes & Believes of Accountant stratified by demographic characteristics

Parameter	Poor	Good	Excellent
No. of Respondent	26(52.00)	6(12.00)	18(36.00)
Gender			
Male	18(58.06)	3(9.68)	10(32.26)
Female	8(42.11)	3(15.79)	8(42.11)
Experience			
1 to 5	18(43.90)	6(14.63)	17(41.46)
6 to 10	4(100.00)	0(0.00)	0(0.00)
11 to 15	0(0.00)	0(0.00)	1(100.00)
More than 15	4(100.00)	0(0.00)	0(0.00)
Level of Education			
Graduate	14(51.85)	4(14.81)	9(33.33)
Professional	12(52.17)	2(8.70)	9(39.13)
Level of Management			
Manager/Supervisor	10(62.50)	1(6.25)	5(31.25)
Employee	16(47.06)	5(14.71)	13(38.24)

Data is presented as figure with corresponding percentage in parenthesis

RESULTS AND DISCUSSION

CONCLUSION

The research established that ethics dimensioning for the accounting profession is essential for national professional bodies in increasing business reputation, and usefulness of financial statements, while decreasing criminal activities and fraud. The research hypothesis also proved that the accountants' role is dependent on an organization's emphasis on culture and accountability. Therefore, it is essential for the government and public governing bodies to advocate and develop ethical practices in accounting firms.

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