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**ACCOUNTING ETHICS STANDARDS IN INDIA**

Master's Thesis

International Business Administration

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Tallinn 2019

I declare that I have compiled the paper independently and all works, important standpoints and data by other authors have been properly referenced and the same paper has not been previously presented for grading.

The document length is 10072 words from the introduction to the end of conclusions.

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## **ABSTRACT**

This thesis studies Accounting Ethics Standards in India. The aim of this Thesis is to study how ethical awareness and judgement is applied among accounting professionals in India. Since this kind of study is not done before, the author decided to go forward with this topic.

This study assesses the accounting ethics education in the accounting profession in India. Focus on India is selected because this country presents a growing economy with an increasing need for accounting professionals in both rural and urban areas. Moreover, media reporting on regular financial reporting lapses is common in India, especially among public institutions. The private sector in India has also been frequently cited for creative financial reporting practices. The study thus seeks to evaluate the value of accounting ethics among Indian accounting professionals. Consequently, the research question asks, “How does ethical judgment and awareness applied among Indian accounting professionals vary?”

With an estimated 200000 accounting professionals in India, the study took a sample size of 10000 accounting professionals on the lower side estimate and successfully sampled 1480 respondents with a survey instrument aimed at obtaining their views regarding the value of accounting ethics among professionals. Among other things, the survey sought to obtain information on the value of ethics to the business community, business courses, personal decision-making, perceptions of the relationship between accounting education and personal morality, how accounting education helps the professional identify moral issues, develop moral responsibility, deal with moral dilemmas and much more.

The results found that a majority of accounting professionals in India are aware of accounting ethics and used them to influence ethical decision making at the workplace. Over 85 percent of professionals believed that including accounting ethics in accounting education was requisite. A larger number of the population were newly certified professionals, indicating that accounting ethics is popular among young professionals. The study recommended that Indian organizations should invest in the continuous development of its accounting staff to integrate ethics in the professional’s personal values.

## INTRODUCTION

Rapid growth in international trade in the recent past, specifically in the last decade, has changed the way business operates for many companies. Advancements in technology has made it more accessible and possible to conduct long-distance business. Both small and multi-national companies have accrued business interests overseas and internationally; the growth in these trends is only expected to increase in future (Levitt, 1998). Where business and trade evolve towards the global field, other aspects equally experience broader prospects. Consequently, globalization is not an issue that affects trade alone, but also contemplates both cultural and sociological issues too (Paul et al. 2009).

The aim of this Thesis is to study how ethical awareness and judgement is applied among accounting professionals in India. To fulfill the aim the author divides the thesis into two parts. The first part discusses how accounting ethics influences different businesses and the relationship between professional and accounting ethics. The second part the author examines how accounting ethics are perceived among accounting professionals in India in response to moral ethics, personal decision making, workplace ethics etc.

One small mistake of an accountant has ripple effects worldwide. These phenomena left empires crumbling and renowned world institutions without a heritage to protect. Businesses crashed and burned owing to unhealthy lending procedures, whereas others fell victim to illegal accounting practice (Paul *et al.* 2009). It is within this environment that the crucial role of auditors and accountants was revealed; their role is that of a controller with the public's best interest at heart. The auditor's role is truly important; they are the guardian of what is true in financial markets (Loft *et al.* 2006). Auditors ensure consistent, reliable and effective financial reporting is retained. It goes without saying that these are the de facto watchdogs within the market (Duska, 2005). Within this mandate, they are required to critically assess and question audit evidence as part of their responsibility in exercising their due professional care (Power, 2003).

Consequently, the research question asks, “How does ethical judgment and awareness applied among Indian accounting professionals vary?”

The International Federation of Accountants (IFAC) is one of the global organizations, which aims to bring together professionals from different accounting organizations to complement each other in terms of professional ideas, experience and resources. With these organizations at different levels of maturity, this sharing process brings about an improvement and overall benefit to the profession. The IFAC has strongly and extensively collaborated with regional accounting bodies so as to promote convergence towards its standards as well as develop and promote the profession. The International Accounting Standards Committee (IASC) is another significant player in this field. Founded as a non-profit organization within the private sector in 1973, it has been working for the public interests ever since. Moreover, IASC established a standard-creating body known as the International Accounting Standard Board (IASB), which develops enforceable financial reporting systems that are internationally accepted.

Significant developments in the global capital markets and economies has brought up the requirement for a standardized accounting and auditing standard. Due to this, IFAC has developed international auditing standards (ISAs), guidelines regarding the required competences and education level for professionals and an ethical code of conduct which guides the provision of quality auditing (Paul *et al.* 2009). IFAC continues to encourage the harmonization of accounting standards, but such attempts are quickly blocked by the deep differences in international accounting standards and practice for both auditors and financial reporting for different countries (Harding, 2000). Moreover, this organization has no enforcement latitude over countries.

Different countries obviously use divergent accounting systems, and with well-defined reasons. Nobes (2009) explored the different factors that led to a functional approach in selecting accounting systems in different environments. The factors extend across the country’s legal systems, culture, accounting profession, impact from taxation, sources of finance, inflation and other historical and theoretical factors (Nobes, 2009).

The chief driver behind this thesis is to explain ethical awareness and auditor manners in India. Consequently, the research question is: “how does ethical judgment and awareness applied among Indian accounting professionals vary?”.

# **1. LITERATURE REVIEW**

## **1.1. A Basis for Accounting Ethics**

According to Ashton (2003), the accounting profession acquires its prestige from its ability to take a unique body of knowledge and exchange its service for payment (McGrath et al. 2003). Consequently, there is a creation of dependency on accounting professionals to deliver their service as a crucial part of this knowledge exchange process (McGrath et al. 2003). This study seeks to assert that another source of the prestige and power that the accounting profession enjoys is sourced from “accounting ethics” – a professional code of conduct outlining practice, moral judgments and values that are applied in the field of accountancy. Therefore, this literature review places the study of the general knowledge on accounting ethics as part of the larger professional ethics discourse. This literature review examines the findings of authors who have previously looked into this subject with the aim of putting this investigation into perspective. Moreover, main ideas and theories forwarded to explain the need for ethics in the accounting profession are also looked into, thereby providing background into the historical development of the phenomenon (Du Plooy, Cronje 2014). To achieve this, the literature review will adopt thematic approaches to recurrent themes in accounting ethics. These include: business ethics and corporate governance; accounting standards; accounting ethics as an extension of professional ethics and accounting ethics in business training and education. Each of these themes is discussed in the ensuing discussion.

The phenomenon of double entry bookkeeping has profound effects to accounting ethics – every credit entry must have its debit entry. Where this phenomenon is not present, it displays an instance of creative accounting, otherwise known as fraud. The value of double entry bookkeeping is widely acknowledged as a source for accounting ethics. Even so, the value of the human agency relationship in ensuring that the fundamentals of accounting ethics are maintained is the foundational requirement for its upkeep. Through the human ability to pass moral judgments and embrace moral values, principles of double entry could be considered as dependable within their application. In practice, however, human beings are exposed to mental and moral deficiencies of

the accountant. There are deficiencies attributable to ignorance, indolence or fraud. Frequent investigations are required to render the users of such services free from the abovementioned evils. This review thus offers to frame contemporary ethical accounting as the heritage of accounting fundamentals.

## **1.2. Accounting Standards and Benchmarks**

According to expectation, one of the widely occurring themes in accounting ethics is the requisite standards and benchmarks. These are based on the formalism base of accounting ethics. Accounting standards are common reference in the discourse of accounting ethics, whereas benchmarks refer to the ideal functions within the profession that constitute a standard. As a result, research considers benchmarks to be reliable, relevant and comparable in nature (Buys, 2009). Buys (2009) expounds that accounting material should stimulate and provoke commercial choices whereas reliable accounting is not biased in nature. As a result, it could become verifiable. Comparability insinuates that stakeholders could compare information across different businesses. In summary, Buys (2009) asserts that data obtained from accounting material should provide reliable opinions that could be tested and authenticated, thus becoming acceptable. If accounting standards and benchmarks were not present, this function would not be possible to achieve.

In literature, Buys et al. (2012) provides one of the most comprehensive accounting standards and benchmarks within the discourse of accounting ethics. According to the authors, the majority of standards and benchmarks in accounting are provided in a code of conduct. According to the authors, there were two major professions within accounting, which are financial reporting and cost & management accounting. Financial reporting is historic in nature, whereas the latter focuses on future processes. As a result, code of conducts set ethical obligations for both functions.

With regards to financial accounting, Buys et al. (2012) opined that information contained in accounting streams were often addressed by national bodies aimed at establishing acceptable practice, including: The Institute of Chartered Accountants of England and Wales' (ICAEW) Code of Ethics, The American Institute of Certified Public Accountants' (AICPA) Code of Professional Conduct and The South African Institute of Chartered Accountants' (SAICA) Code of Professional Conduct among others (Buys et al. 2012). On the other hand, management accounting was represented by bodies such as the Institute of Management Accountants Statement on Ethical



Professional Practice (United States) and Chartered Institute of Management Accountants' (CIMA) Code of Ethics for Professional Accountants (United Kingdom) (Buys *et al.* 2012).

The above mentioned codes are used internationally, with the exception of the South-African code. As a result, it is possible to see the emphasis placed on accounting ethics benchmarks and standards. Moreover, Buys *et al.* (2012) further insist that four major principles are forwarded by the aforementioned international accounting benchmarks and standards. These four consist what is considered as an ethical accounting practice and they include integrity, objectivity, competency and confidentiality. Within current frameworks and those used in this review, there are the four considerations that constitute benchmarks and standards within the profession.

When contemplating competency, Buys *et al.* (2012) refer to it as the professional know-how required to effectively execute the accountant's capabilities and maintain them throughout his practice. As a result, the professional is expected to continuously develop their knowledge and proficiency, execute their duties within legal boundaries and issue recommendations and reports upon completing assignments. On the other hand, integrity posits that the professional must exercise honesty and sincerity in the course of executing their duties as a professional. Such a professional will thus shun dishonesty and refuse to become involved in the falsification of information. The concept of integrity comes with the requirement for full disclosure of relevant financial information. An accountant of integrity is thus expected to avoid situations where possible conflicts of interest may arise, avoid situations where maintaining integrity becomes difficult, not accept favors that may create the impression of third-party influences and avoid the subversion of an organization's ethical and legitimate objectives.

Speaking on integrity, Buys *et al.* (2012) require that the professional becomes autonomous, independent and unbiased, especially when it comes to the situation at hand and its business facts. As a result, the professional must not be influenced by personal motivations or by others, but is motivated by the stakeholder's motives. Consequently, the professional must communicate fairly and objectively and disclose all applicable information that could influence the end-decision. Within an organizational situation, the company accountant must be able to distance themselves from possible conflict of interest situations, thereby enabling their objective assessment of the situations the organization faces. In closing, Buys *et al.* (2012) also discuss the need for confidentiality as part of the accountant's code of conduct. This puts a responsibility on the accountant to refuse to disclose confidential data obtained in the course of their professional

capacity. They may not use such information for personal or a third party's gain. As a result, an accountant must not disclose confidential information obtained in the course of their duties, except where required by law, fail to inform juniors of the confidentiality of the information they are handling or use confidential information to obtain some advantage. The nature of information accountants have to process validates the need for confidentiality when considering these four factors.

This section would not be complete if an attempt to distinguish standards from benchmarks is not made. Standards, at the most basic level, indicate baseline expectations and procedures within a profession whereas benchmarks envision aspirations in processes and targets, which enables the profession to identify and assimilate best practices to enhance performance. As such, these two perform their stated functions to facilitate the upholding of accounting ethics (Kathrani, 2010). In other words, it would seem to mean that, for instance, diversification of legislation at the national level and the country's culture would result in ultimate differences in accounting and auditing for countries. Although this rings true, it presents multiple challenges for individuals who use financial information within the global capital markets. The need for a global standard in accounting and auditing has especially become pressing with businesses and organizations expanding to the global horizons. To achieve a more standardized approach to reporting and auditing, there is need for more intensive, broader and targeted information regarding the viability and performance of these organizations within the global market of the future. Subsequently, research has underlined the importance and need for a transparent, internationally comparable and reliable financial disclosure method (Harding, 2000). Therefore, considering the above mentioned challenges is not enough to spur feet shuffling in this sector, it is important to notice the financial crises which are at bay and the important role of the auditor and the audit exercise is highlighted and becomes indispensable. More specifically, the watchdog role of the financial auditor becomes even clearer in light of acting for the best interests of the public (Duska, 2005).

The international audit market has grown incredibly over the last few years, resulting in the urgent need for developing harmonized auditing standards. Although the harmonization process has been in the public domain for a while now, the efforts provided towards this exercise have mostly had limited success. This was quite disappointing for the advocators of such as a system. Obviously, the obstacles to the achievement of some standardized system arise from integrated aspects of society, including the operating environments and cultures of the different countries (Wood, 1996).

Consequently, the impact of culture on the auditing profession is needed to identify the effects more clearly.

Even so, the globalized trading environment is made significantly more difficult by the different sets of accounting and auditing rules between countries – a factor that makes it difficult for professionals to provide assurances as to the credibility of a company's financial information. Regulators at the international setting noticed this challenge several decades ago and recommended the urgent development of a standardized international set of rules. This led to the establishment of the two main accounting and auditing bodies, the IASC and IFAC, in the 1970s. The two organizations were aimed at achieving harmonized, and eventually globalized, professional standards that met the highest ethical and technical levels (Harding, 2000).

According to Levitt (1998), accountants worldwide still shared common ethical values regarding their commitment towards the profession, including ethical conduct, objectivity and integrity. Therefore, in addition to the uniform auditing standards, global ethical standards could be developed as well (Levitt, 1998). This would drive the accounting profession and protect the public interest of financial players in all countries of the world. This has been a concern that has been voiced more openly in the global arena recently.

The harmonization and ethical standardization agenda are thus issues that have been at the center of attention for a while now. So as to investigate these themes in different contexts, an in-depth description of the accounting approach in India was contemplated in this study. India is a much more mature developing market, but is still well away from its fully developed phase (Vishwanathan, 2005). Notably, a lot of issues still remain in its development phases, especially noting that the fact that the country has only recently adopted international accounting standards (McGee, 2008). This thesis will evaluate influential factors regarding ethical codes, their awareness and how they are perceived by Indian Accounting Professionals. By doing this, the thesis contributes to literature on the harmonization theme ambitiously, looking forward to harmonizing ethics and auditing procedures among audit professionals.

Moreover, taking a country as big and diverse as India into consideration brings to light the differences in accounting systems, which have been influenced by numerous factors, including culture, financing sources, legal systems, taxation and other external influences, thereby also bringing to light how these factors affect accounting system and ethics choice. India develops its

accounting standard to accommodate customs, tradition and national law. The accounting objectives in India are thus more informative. India's professional development in the accounting profession can be seen as a gradual process handled by both the profession and the government. A close evaluation shows that there is a link between the accounting system and the tax system for the country.

### **1.3. Accounting Ethics and Professional Ethics**

Closely related to the benchmarks and standards is the theme of professional ethics and how it relates to the accounting profession. Consequently, it is of little surprise that Buys et al (2012) equally speak to the nature of accounting ethics as a branch of professional ethics. In line with this discussion, the authors state that the professional requires an active commitment to behave in good manner and avoid temptation of wrongdoing (Makhabane, 2015). As a result, a daily image must be maintained to promote the trust of the professional. Codes of conduct therefore provide a framework of ethical practice which professionals must strive to operate within. As a result, professionals may avoid small ethical failures which may be exploited by unscrupulous individuals in future, focus on their reputation long-term and face personal consequences of their professional actions.

In the case that ethical conflicts within an organization cannot be resolved in a reasonable manner, the professional accountant should resign themselves from the client/organization (Buys et al. 2012). One could deduce that accounting professionals need the highest levels of moral probity. This should be balanced with the needs of the organization to effectively use their resources. Buys et al. (2012) present their arguments in a South African context, but the issue of professional ethics is an international point of interest. As a result, literature is widespread on accounting professional ethics at a general level. For instance, Jamnik (2011) explores ethical codes of conduct in public accounting, where he posits that professionals require moral responsibility to effectively discharge their services (Jamnik, 2011). Professionals must also retain updated knowledge through continuous professional development. Moreover, they should serve the public to their best interests and to preserve public trust. Jamnik considers how a professional enforces their professional ethical responsibility and answers as follows: "It should be achieved by self-monitoring, supported by a viable code of conduct. In fact, the existence of a code of conduct is considered a hallmark of any profession" (Jamnik, 2011). The AICPA could be considered as an example of an accounting

professional code of conduct – one of the most popular codes of conduct among accountants. The AICPA in its preamble states that a professional accepting membership has assumedly vowed to maintain ethical behavior towards colleagues, clients and the public. It provides numerous statements of violations, including violation of the independence rule, fraudulent tax returns and inadequate technical skills to perform a task completed. These actions warrant disciplinary action which includes suspension and termination from the AICPA. The professional could be recommended to pursue further training and when the member does not comply, they could be suspended after a hearing. Where the crime was punishable by imprisonment, the professional could be suspended or terminated permanently. The seriousness of accounting ethics as an extension of professional ethics is thus observed.

There are certain principles and directions of bookkeeping models which must be followed by the organizations. It must pursue the GAAP, securities and trade commission and International Financial Reporting Systems rules and set up the financial statements agreeing to the new rules. (Duska, 2003) 1. Proper evidence based approach: the supporting archives must be appropriately orchestrated and arranged so that it remains updated with the latest. 2. Significance of consistency: consistency is a critical issue for the clients over the endeavors. since financial reports are revealed to be genuine and reasonable perspective of budget summary of the ventures 3. Contribution in data innovation framework: ideal utilization of different information frameworks are valuable in the processes of accounts auditing and data entering. (Kermis and Kermis, Financial reporting regulations).

Some Important reasons for the increase of unethical practices of financial reporting and accounting are:

1. Financial reporting is misleading. Since last decade, financial misrepresentation are focal points of consideration in the reporting of finances. The companies are purposefully altering the share price to deceive investors. The primary area of fake activities are by showing imaginary income and by intentionally adjusting entries in the journal.
2. Resources misappropriation: In bookkeeping one of the most important ethical issues is the misappropriation of resources at an individual level. It directly influences the company's reputation. The company's executives made profits by deluding the records and setting up wrong solicitations and reports. The resources of a company should only be used for the betterment of the company, not for personal interests as seen nowadays
3. Full Disclosure: The companies' financial statements should contain sufficient information so that investors can take informed decisions based on that.

Below are the accounting ethics which should be followed by Accountants to achieve the objectives of the Accounting Profession and consistent with the fundamental accounting principles. They are 1) Integrity: All Accountants must be honest ; 2) Neutrality: professional accountants should not allow any preference and should be unprejudiced ; 3) Professional Accountants do their work with accuracy, detail oriented and creative ; 4) Privacy: professional accountants should be also aware of the threats of cloud computing like data breaches, data loss and ensure the safety of confidential information ; 5) professional conduct- accountants should act professionally and always work for the upliftments of a company. (Parmer, 2015).

The modern multinational companies encounter exceptional issues in relation to ethics. Firstly, the transactions are huge, so there is an invisible pressure to twist the tenets in order to get the deals done. Secondly, the ethical values of the branches of the company in different areas might not be the same as the head office of the group. A company when they go to a developing country to do business, the wages paid to the public officials would be so little that their families find it difficult to buy everyday needs. So, many officials have a second occupation to adapt. Others consider it fitting to request favours from the company when they approve any government approvals as they feel that the company has a strong ethical commitment that their family should be taken care of. Lets now look at two cases of MNCs gone bankrupt due to lack of ethics. One is of Enron and the other is of Satyam Computers, the once 4th largest IT company in India.

Below are the two primary reasons for collapse of Enron:

- 1) Marked to Market Accounting Method- This is a method where the bookkeeping is done at fair value even before cash is actually received. The value which Enron enters in the accounting journals is not based on reality. After a deal is complete, Enron enters the value without work being started. So, it gets all wrong later. Later it was found that they enter values at below the face value.
- 2) Capitalism Culture of the Company- None paid attention whether the deal would be good or bad for the company. If they had a positive NPV (Net present value) they took it. This created terrible consequences for them later. Because other factors were not taken to account besides NPV.

Satyam Computers was another case like Enron in Indian context. Once, the 4th largest IT company in India now went bankrupt because of Accounting malpractices. They inflated their financial statements to a huge extent to be attractive to investors. They wanted money to invest in

the real estate business. Due to the false statements, the Satyam share was trading at a large value. Later when Satyam failed to make actual profits, they went bankrupt and soon the directors of the company were arrested. (Bhasin, 2013).

In the above examples of Enron and Satyam, the following ethical or moral breaches are self evident.

Excessive Greed, Only concern was profitability, un-necessary risks, Immorality on the part of Banks who blindly gave loans to them without verifying their financial reports, Dishonesty in planning budget report, Violation of duty by Auditors, Gains for personal fortune without caring for the public and corruption on the upper levels of management.

#### **1.4. Accounting Ethics in Education and Business Training**

The question of whether accounting ethics can be taught is one that has been discussed widely in literature. Scholastic discussions have penetrated into this area and this section evaluates said discussions.

Celuch and Dill (2011) insist that corporate coaches and facilitators must fully understand the ethical decision-making landscape to provide wholesome education and training towards ethical decision-making ideals. As a result, understanding the individual-business ethics interaction is still an ongoing endeavor (Celuch *et al.* 2011). That said, research identifies that ethics is a pervasive skill which needs to be addressed during business education and training in the South African context (Strauss-Keevy 2014). The competency framework released in 2008 identifies competencies that chartered accountants need to achieve. Pervasive skills were highlighted here. With the development of the SAICA competence model, emphasis shifted to output-based syllabus and moved away from the contribution-driven, knowledge-based syllabus.

The job of the CFO in an organisation is to ensure all financial reporting is consistent with the Sarbane-Oxley Act. They must ensure all the internal controls are in place and always updated to meet the latest regulations of the financial standards. It is likewise a basic commitment of the CFO to develop a morally responsible culture inside the association by organizing constant enhancement towards accounting controls and process perfection.

The CEO and CFO should control the shortcomings and insufficiencies in the task and structure of inner controls with respect to the revealing of financial statements. In this manner, they ought

to enhance the way towards entering and reporting of financial data. Additionally, it is fundamental to distinguish and control deceitful exercises by connecting with representatives and higher administration in the advancement of inside controls for the detailing of financial resources (Jaijairam, 2017).

Pervasive skills could be considered in a group of three, including ethical behavior, professional skills and personal attributes. According to research, post-qualification training and studies were observed to be more effective in imparting pervasive skills, compared with pre-qualification programs (Strauss-Keevy, 2014). This could be attributed to the fact that lectures are not best suited to deliver skills to aspiring chartered accountants. As a result, research concludes that awareness among trainers is required to inform them of their critical role in delivering pervasive attributes. Additionally, the misconception that academics are not responsible for equipping aspiring professionals with all the competencies before documentation is false. Academics must be reminded of their obligation to transfer the required competencies during the initial education program by developing advanced methods to deliver and transfer said skills during the learner's education program (Strauss-Keevy 2014).

These findings are similar to those by Steenkamp (2012). Following an investigation of the 2010 South African Chartered Accountants training program, he found that:

“The skills that should be developed during the new CA 2010 training program are divided into three categories: compulsory skills, elective skills and residual skills. Compulsory skills include pervasive professional skills (such as ethics, communication skills and leadership) as well as accounting and external reporting. Under elective skills, a trainee can develop skills in one or more of the available focus areas, which are (1) strategy, risk management and governance, (2) financial management, (3) auditing and assurance, (4) taxation and (5) management decision-making. The focus area is determined by the industry and business activities of the training office. The trainees should gain detailed experience in both the compulsory and elective skills during the training program. Residual skills refer to basic exposure to the remaining focus areas (those not chosen as an elective). (Steenkamp, Frick 2012).

The fact that ethics are a part of the compulsory skills within the accounting profession underscores their importance. As a result, ethics is a primary pervasive skill which the (aspiring) accountant should strive to obtain.



On the other hand, Rights Theory underlines the commitments of accounting experts to the public and shareholders. Speculators and investors depend on the morals and skills of accountants to best serve their interests and gain trust in that relationship after some time. Rights theory better mirrors proficient commitments and gives a valuable point of view to accounting morals, the use of which would ensure what accountants will think about in the case of acting with a specific goal in mind to what other accountants will act in comparable circumstances for comparative reasons. Assuming this is the case, the planned activity is moral since it conforms to a widespread standard of conduct. (Mintz, 2006).

Identity theory proposes that employees will in general observe their association in a general positive light on the grounds that doing as such reaffirms their very own positive self-way of life as a component of that organisation. Nonetheless, this highlighting the positive is progressively articulated in senior administration. This is on the grounds that climbing to the top is a consequence of developing cozy relations with other likeminded top individuals, in this way further hardening the person's corporate character. Moreover, top administration is required to speak to the lower level employees as well as to be the public face thus further strengthening the person's relationship with the enterprise and the longing to see it in a constructive light. (Bolt, 2010).

In final consideration, some reasons have been provided to justify why changing the training and education curriculum for accountants is particularly required. In the South African context, the improvements were applied to enable the professionals to adequately prepare for an ever-changing business environment. Competency-based teaching places great importance on the non-technical skills of the professional, including their social conduct, interpersonal and communication skills, leadership and governance and effective information technology use (Rossouw, 2007).

Ethics programs are control frameworks intended to adjust representative conduct to the executive's qualities. Bosses can accomplish this in one of two different ways: either through concurrence on shared qualities among the board and workers or by coercive systems in which the board alone directs what representative practices ought to be. But coercive control programs are more averse to build up representative's aptitudes important to address questionable circumstances. (Bolt, 2010).

## **1.5. Accounting Ethics in the National Arena.**

The literature on accounting ethics has become a topic of national debates and consciousness in recent times, especially after the recent financial crises. With the financial crises due to financial underreporting, some common headlines read: “Economic hope vs. Moral despair” (Sparks, 2013). The media has highlighted interesting stories pointing to ethical concerns among accountants, senior government officials, politicians and other stakeholders. These individuals are highly respected in society who engage in unscrupulous activities although they put on ties on a daily basis. The media is a key whistleblower on unethical accounting practice at all levels of public and private governance.

The nature of financial reporting nowadays shows a limit in which the monetary reports of an organization, its financial status, and capacities, which are estimated over timeframe, are exhibited sincerely. (Talebnia *et al.*, 2011).

Honesty and trust in the financial reporting framework rely more on the actions and activities of the management or on the developed framework for the whole unit. (Enderle, 2006) Organizations in the energy, accounting, and banking business and the different professional Associations of Accountants have influenced the nature of and trust in the financial reporting frameworks. Consequently, honesty and trust in the financial reporting framework cannot be a subject of either personal or professional ethics alone. They must include both of them. (Brenkert, 2004).

Technology has been developing rapidly and now we have two technologies which are bringing revolution in the Accounting sector.

Cloud Computing and Big Data- Cloud computing is bringing revolution in the accounting sector. Now businesses have higher level of security with respect to confidential data, lower costs of working online. Cloud Computing means high velocity efficient response.

Artificial Intelligence- It has a history for the last 10 years. And according to a research, from 2015 to 2024 massive advancements will take place so that machines can do things which humans do generally. It will lead to a good collaboration between humans and machines.

Significant improvements are seen with the introduction of ERPs (Enterprise Resource Planning systems). According to a report by Intuit, 70 percent of the small and medium businesses of the world have set up cloud computing. So, in the near future the business-accountant relationship will exist in the cloud. This means greater efficiency, low costs and low chances for any errors. These new changes will bring new laws and regulations which must be respected and followed. In general, it can be concluded that the issue of accounting ethics has been well-researched in this literature review. There is little literature on accounting ethics in India, thus justifying the choosing of this topic and going forward with the research. Instead of being conceived as a disadvantage, it presents an opportunity for future research in the area. Against the backdrop of this literature, the following chapter provides the research methodology and design used in this study.

## **2. METHODOLOGY OF SURVEY AND FINDINGS**

### **2.1. Sample and Research**

Considering the literature background of this research, this chapter discusses the research methodology applied in this study. Particularly, this chapter reports on the research design for the study, its sampling strategy, data collection and subsequent statistical analysis of the data as well as the ethical considerations made in the course of performing this study. A summative overview of these aspects is also provided at the end of the chapter. More importantly, this discussion was based on the research problem and the research objectives. Multiple methodological parameters were contemplated in this study, including the sampling strategy, strategy of research, data collection method, ethical consideration and statistical analysis.

The study adopted a quantitative approach since it was guided by the research problem and the research questions. The design was structured in a way that allowed the study to achieve the objectives of the research and be founded on the research question in the study. The design, therefore, provided a proper, orderly and objective way to obtain numerical information from the study population to achieve the aims aforementioned.

The study expected to sample differences in perceptions of ethical practice among Indian accounting professionals. The sample size of the respondents in the accounting field in India, would be between 9000 and 10000 for a lower side estimate. This enables the researcher to prepare about 2,500 questionnaires. Two methods of sampling strategy were considered during this study, namely probability and non-probability sampling. In this study, non-probability sampling through purposeful convenience sampling was used because only those accountants who were available to complete the survey on the data collection days were considered for the study.

Du Plooy-Cilliers and Cronje (2014) considered the meaning of a quantitative survey as a research means enabling the researcher to carefully inspect some research phenomenon. Placed in a research context, the survey is a data collection tool consisting of a number of questions designed for information gathering from a relatively large group of people. A large corpus of literature exists on the issue of survey research design. Babbie (2009) observed that the “survey research is perhaps the most frequently used research design in the social sciences” (p. 230). Literature has also concurred that surveys provide the most excellent way to find out people’s opinions, attitudes and desires (Hofstee, 2006). In agreement, other pieces of research have corroborated this, adding that the questionnaire is probably the best method at the disposal of the social scientist who intends to collect original data to describe a population that is otherwise too large to observe directly (Babbie, 2009).

For this study, the questionnaire will seek to capture professional perceptions of critical aspects to ethical practice in the accounting profession, including the importance of ethical practice in everyday work engagements, importance of ethical practice in teaching practice and how ethics affects workplace decision making as well as personal decision making. Moreover, the study seeks to rate the importance of concepts such as “moral obligation”, setting the stage for ethical behavior among other concepts determined as critical to the study. As a result, it enables the researcher to elucidate the feelings of practitioners with regards to these ethical questions within their workplace environment.

Issues raised in accounting ethics could become sensitive and certainly raise many concerns. As a result, the necessary permissions were obtained from the relevant Indian accounting profession regulation bodies to distribute the questionnaire online. The protection of the respondents was made a key consideration for this study, thereby analyzing the data in the form of numbers. The name of the respondents was not required in the questionnaire and company data was not considered when releasing the results of this study. Other ethical protections were afforded to the respondents. The respondents were given the opportunity to deal with the questions in their own personal capacity and at their own time. They were also informed that they were free to continue or not continue with any of the questions on the questionnaire at any time. The consent letter was anonymously sent to the professional’s personal email and the consent letter had been issued to the accounting firm that no personal and confidential information would be published as a part of the study.

The SPSS software package was used for the data analysis conducted in this study. Specifically, the Chi square technique was used to analyze the data obtained. This chapter was intended to provide important research method information which was employed in this study. The researcher found the quantitative method to be the most appropriate and effective for this study since the questionnaire could easily collect data which would be analyzed on SPSS software. The results were based on a large sample size which adequately represented the accounting professionals present in India. The questionnaire (annexed) was clearly structured to define the research question and seek out the objectives of the research. The results of the research design application and the methodology discussed in the survey are presented in the next chapter.

## **2.2. Demographics of the Survey**

The previous chapter discussed the research methodology that would be utilized in this study at length. This chapter presents the analysis of data obtained from the questionnaire and its discussion. The data and discussion are presented in two major parts, including the biographical characteristics of the respondents and their perceptions of accounting ethics in the accounting practice in India. Consequently, the discussion will address the problem question stated in the first chapter and provide insights into the objectives of the study as also provided in the initial chapter of this research.

An online questionnaire was developed and its link was sent to the 10 biggest Accounting firms through email across office branches around India. The HRs (Human Resource) who were contacted beforehand through LinkedIn were also helpful in providing me with the responses. One thousand four hundred and eighty questionnaires (1480) were successfully filled and submitted which is good since the expected response rate was about two thousand five hundred (2500) respondents. The survey was open from 3<sup>rd</sup> October till 30<sup>th</sup> November, 2018.

In this section, the demographic and biographic information from the respondents is discussed. The companies that took part in the survey were assigned to letters as part of the privacy policy agreement whereas the years of service with the particular company was equally given attention.

As evident from table 1, the responses were collected from the 10 companies who dominate the Accounting Industry environment in India. 4 of these 10 companies are also called 'the Big 4' meaning they are the biggest and employ the largest number of Accountants in India. All of these companies are private entities. Upon further research it is found that the number of public sector Accounting companies in India are negligible. So, it can be inferred that surveying private entities show us the real picture of Accounting in India.

Table 1. Respondents' Information

Company	Number of respondents	Percentage
Deloitte Heskins and Sells (A)	478	32.30%
Grand Thornton India (B)	10	0.67%
Ernst and Young LLP (C)	82	5.54%
KPMG India (D)	300	20.30%
M.K. Tyagi and Co (E)	79	5.33%
Lodha & Co (F)	41	2.77%
Sachin Gujar and Associates (G)	22	1.48%
PwC India (H)	268	18.10%
Mazars (I)	12	0.81%
RSM India (J)	188	12.70%
<b>Total</b>	<b>1480</b>	<b>100%</b>

Source: Prepared by the Author based on own research.

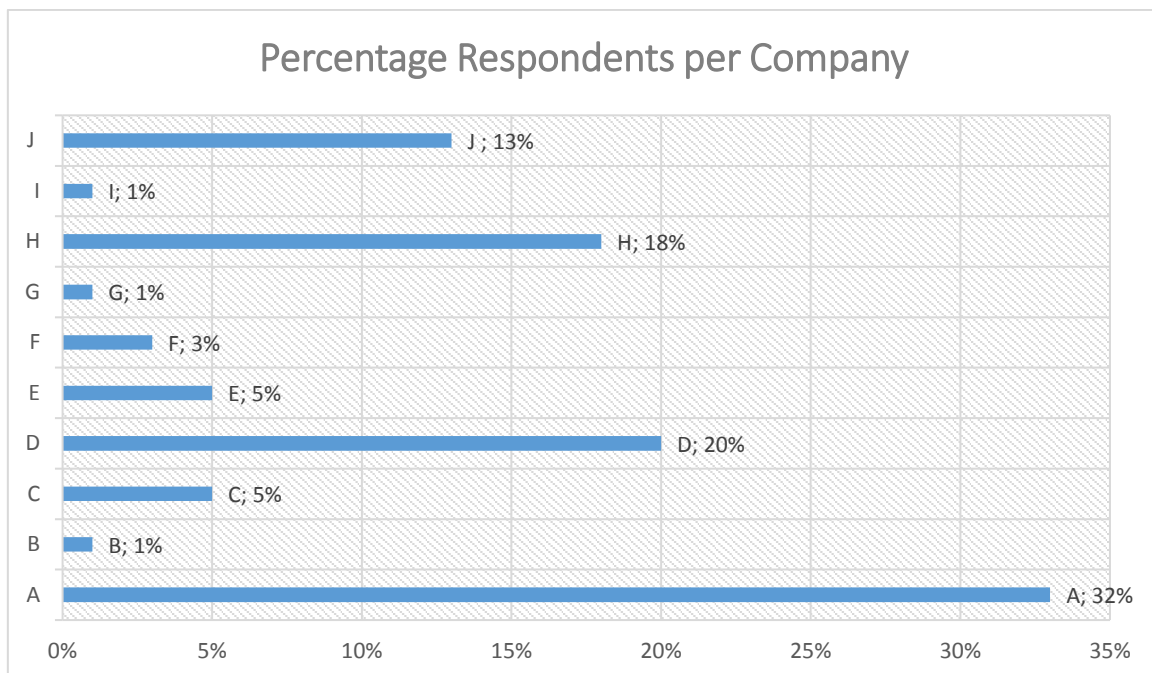


Figure 1. Percentage respondents per company

Source: Prepared by the Author based on own research.

The figure 1 displays the percentage respondents per company for the 1480 submitted questionnaires. A majority of the respondents were from the companies Deloitte (A) (32 percent),



KPMG India (D) (20 percent), PwC India (H) (18 percent) and RSM India (J) (13 percent). The rest of the companies shared the remaining percentages.

Table 2. Years of service with company

<b>Valid/Missing</b>	<b>Years of service</b>	<b>No of respondants</b>	<b>Percentage</b>
Valid	0-5 years	1030	69.60%
Valid	6-10 years	229	15.50%
Valid	11-15 years	80	5.40%
Valid	More than 15 years	130	8.80%
Valid	Total	1470	99.30%
Missing	System	10	0.70%
	<b>Total</b>	1480	100%

Source: Prepared by the Author based on own research.

From the data presented in the Table 2, the majority of respondents were working in the profession for 10 years or below. It is possible that this phenomenon could be explained in two main ways. Graduates in India have to pursue training internships before pursuing their certification documents. As a result, the profession's organization prevents any individuals who have worked in the profession for so many years. Again, this skew could be explained by the fact that new graduates often find high demand in urban areas once they obtain their certification documents, explaining the large number of individuals who have worked within the profession for less than ten years.

Table 3. Age of respondents

<b>Valid/Missing</b>	<b>Age of respondants</b>	<b>No of respondants</b>	<b>Percentage</b>
Valid	20-30 years	950	64.20%
Valid	31-40 years	330	22.30%
Valid	41-50 years	130	8.80%
Valid	More than 50 years	70	4.70%
	<b>Total</b>	1480	100%

Source: Prepared by the Author based on own research.

An interesting observation from table 3 is that the larger population of the accounting professionals in India are relatively young professionals aged between 20 and 30 years old. They make up 64 percent of the respondents in this study. This could be attributed to the fact that accounting firms offer employment opportunities for professionals who have been recently certified. These are

professionals largely aged between 20 and 30 years old. All popular accounting offices in India could display this trend.

Table 4. Gender of respondents

Valid/Missing	Gender of respondents	No of respondents	Percentage
Valid	Male	670	45.30%
Valid	Female	810	54.70%
	<b>Total</b>	1480	100%

Source: Prepared by the Author based on own research.

The results from the table 4 display that there are more female accountants compared with male professionals. This is generally in line with recent trends among university graduates in India. Female respondents make up 55 percent of the representation for this study.

Table 5. Management Level

Valid/Missing	Management Level	No of respondents	Percentage
Valid	Manager	511	34.50%
Valid	Employee	921	62.20%
Valid	(Non-response)	10	0.70%
Valid	Total	1440	97.30%
Missing	System	38	2.60%
	<b>Total</b>	1480	100%

Source: Prepared by the Author based on own research.

Table 5 displays a 2:1 ratio between employees and managers, thereby providing 62 percent and 35 percent respectively. With the exception of senior partners in accounting firms, this provides a reasonable ratio, where each manager works with two employees who report directly to them.

### 2.3. Descriptive and Inferential Analysis

Descriptive statistics allow the researcher to evaluate measures of dispersion, frequency and central tendency whereas inferential statistics looks beyond the numbers and determines some inferences, including the relationship between variables or the differences presented between variables. As a result, a combination of these two provide the researcher with perceptions of the data they are

dealing with as well as their interpretations. This section is dedicated to the analysis of the data provided from the listed questions within the questionnaire. These questions were provided on a Likert scale of one (1) to seven (7), where 1 represented the positive extreme and 7 was the negative extreme. 4 was the neutral point, where the respondent did not agree or disagree. Therefore, the scales between 1 and 3 indicated positive perceptions regarding the questions whereas 5 to 7 indicated negative perceptions.

Table 17. Weighted Average Score

Description	Strongly agree (1)	Agree (2)	Somewhat Agree (3)	Neutral (4)	Somewhat Disagree (5)	Disagree (6)	Strongly Disagree (7)	Score
Q9. Ethics Importance to the business community	0.77	0.162	0.084	0.108	0	0.12	0.518	1.678
Q10.Ethics Importance in business courses	0.703	0.202	0.102	0.108	0.135	0.126	0.378	1.754
Q11.Ethics Importance in personal decision making	0.716	0.256	0.141	0.028	0.105	0.204	0.329	1.779
Q12.Ethics Importance in workplace decision making	0.804	0.122	0.081	0.08	0.035	0.078	0.476	1.676
Q13.Accounting education and a sense of morality	0.527	0.378	0.426	0.272	0.1	0.162	0.189	2.054
Q14Accounting ethics whether it aids in identifying moral dilemmas	0.596	0.384	0.296	0.164	0.07	0.162	0.239	1.911
Q15 Accounting education and moral obligation	0.669	0.298	0.243	0.056	0.095	0.246	0.189	1.796
Q16Accounting education and moral dilemmas	0.696	0.27	0.102	0.08	0.305	0.12	0.238	1.811
Q17Accounting education and equipping professionals to resolve workplace uncertainties	0.649	0.324	0.162	0.188	0.205	0.204	0.049	1.781
Q18Accounting education as a pacesetter for ethical behavior change	0.514	0.284	0.507	0.216	0.1	0.204	0.169	1.994
Q19Accounting Education and apprec. Of ethics	0.48	0.446	0.405	0.188	0.205	0.162	0.238	2.214
Average Score								1.85

Source: Prepared by the Author based on own research.

A majority of respondents with average score of 0.77 as seen in Table 17. shows that ethics is important in business community. An overall impression obtained from this data would suggest that the overwhelming majority of Indian professionals considered ethics as an important component of business courses, therefore critical to accountancy training. Maximum scores are there in the agreed part. This is in conformation to the percentage evaluation we did in Table 6 (see Appendix 2). Table 6 (see Appendix 2) shows that a greater number of respondents view ethics as important to the business community, whereas only 12 percent consider ethics as unimportant. Consequently, one could conclude that an overwhelming majority (88%) of accounting professionals in India perceive ethics as important to the business community. In essence, they believe that the business community needs to act in ethical manner all the way. The total weighted score of Question no 9 is found to be 1.67 as seen from Table 17.

A higher number of respondents considered ethics to be important in business courses, this is evident in the score of 0,703 as seen in Table 17 which is more than the other scores. Overall, an overwhelming majority of accounting professionals in India considered ethics as important for business courses. A majority of respondents thought ethics to be important in business courses, whereas only 10 percent of respondents do not think that ethics is important in business courses, as displayed in Table 7 (see Appendix 2). Up to 3% of the population were neutral. An overall impression obtained from this data would suggest that the overwhelming majority (87%) of Indian professionals considered ethics as an important component of business courses, therefore critical to accountancy training.

Table 8 (see Appendix 2) shows that a higher number of respondents considered ethics to be important during personal decision-making, whereas 1% were neutral. In contrast, up to 10% thought that ethics was not important. Overall, an overwhelming majority (90%) of accounting professionals in India considered ethics as important for personal decision-making. The score for the agreed parts are more compared to the disagreed parts. This shows that even in their personal decision making, accountants feel that ethics are a indispensable part of life. The total sum of the agrred parts is 1.113 as seen from Table 17 which is very high as compared to the nonagreed parts.

Table 9 ( see appendix 2) shows a significant portion (80%) of respondents consider that ethics are important in making workplace decisions whereas 2% are neutral. On the other hand, up to 9% of respondents did not consider ethics as important for workplace decision-making. Overall, 89% of accounting professionals in India considered ethics to be central to workplace decision-making.

So, here in this case, the agreed parts scores are very high as compared to nonagreed scores as seen from Table 17.

A majority of respondents could relate accounting education to moral issues. Interpreting this data overall, an overwhelming majority of Indian accounting professionals can relate their accounting education to the moral issues they face at work. Table 10(see Appendix 2) indicates that up to 86% of respondents could relate accounting education to moral issues, whereas 7% were neutral. An additional 7% could not relate their accounting education to moral issues. Interpreting this data overall, an overwhelming majority of Indian accounting professionals can relate their accounting education to the moral issues they face at work. And also from table 17, it can be seen that the strongly agree score is 0.527. And also, the sum of the agreed scores are higher than in the nonagreed parts.

The majority of Indian accounting professionals could recognize accounting issues attached with moral implications. In table 11, 88% of respondents (see Appendix 2) could identify moral issues within their accounting practice whereas 4% were neutral. 8% would not recognize accounting issues that had moral implications despite their accounting ethics education. Overall, the majority of Indian accounting professionals could recognize accounting issues attached with moral implications. As a result, it could be stated that their accounting ethics education have provided them with some ethical probity. The percentages conforms with the weighted average scores as seen in Table 17. The total score for the agreed parts is 1.276 which is more than the other parts. The overwhelming majority considered that their accounting education had contributed to the development of a sense of moral responsibility.

Table 12(see Appendix 2) indicates that 90% of the respondents attributed their accounting education to their sense of moral obligation in the course of discharging their duties, 1% were unsure and 9% were confident that accounting education did not play a role in their sense of moral obligation. Overall, one could deduce that the overwhelming majority considered that their accounting education had contributed to the development of a sense of moral responsibility. And as seen from Table 17, the scores for the agreed parts are much higher than the nonagreed parts.

Table 13 (see Appendix 2) indicates that 87% of respondents thought that accounting ethics enabled them develop abilities to deal with ethical conflicts, whereas 2% were neutral and 12% were of the contrary opinion. An overwhelming majority supported the idea that accounting ethics

education equipped them with the necessary skills to approach and deal with moral dilemmas. As such, Indian accounting professionals considered ethics education as key to developing ethical conflict-resolution skills. From Table 17, it is seen that the agreed parts sum upto 1.068 which is greater than the sum of nonagreed parts.

Table 14 (see Appendix 2) displays that 87% of the respondents thought accounting ethics education equipped them to deal with workplace uncertainties whereas 5% were unsure and 8% disagreed with this statement. Overall, the majority of Indian accounting professionals thought that accounting ethics education played a key role in equipping professionals to deal with workplace uncertainties, which are characteristic of the accounting workplace. The sum of the agreed parts as seen in Table 17 is 1.135 whereas the sum of the nonagreed parts is 0.646 which shows that the respondents think accounting ethics education can help them to deal with workplace uncertainties.

A look at Table 15 (see Appendix 2) reveals that 86% of respondents thought that accounting ethics education was a pacesetter for change in ethical behavior. 6% were unsure whereas 9% disagreed with this statement. Overall, the majority of India's accounting professionals think that accounting education will play a major role in setting the pace for behavior change among professionals. Table 17 shows that the sum of the agreed parts is equal to 1.305 which is more than the nonagreed parts.

From Table 16(see Appendix 2), it can be seen that 85% of the respondents agreed that accounting ethics education enabled them to develop an appreciation and understanding of accounting ethics and its relation to general ethics whereas 5% were unsure and 10% disagreed. Overall, the majority of accounting professionals in India thought that accounting ethics education enabled professionals to develop appreciation for all aspects of ethics in general and accounting ethics in particular.

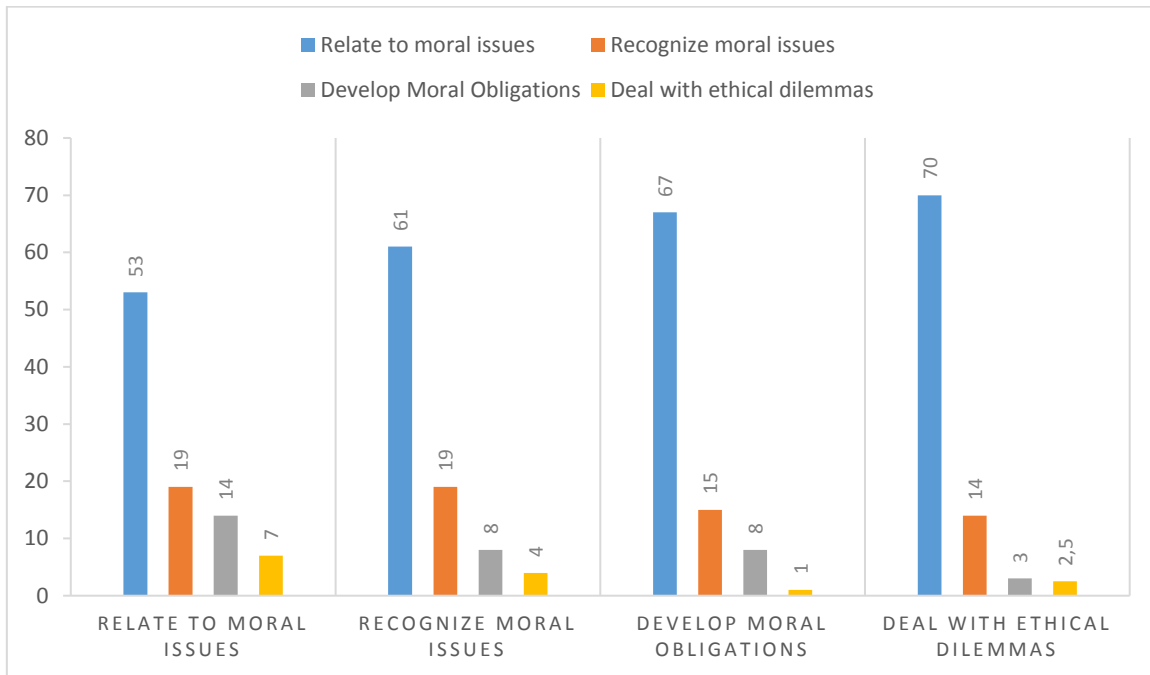


Figure 2. Goals of accounting education

Source: Prepared by the Author based on own research.

The Figure 2 shows the impact of accounting ethics education in dealing with ethical issues, recognizing issues with moral implications, developing a sense of moral obligation and developing skills necessary for dealing with ethical dilemmas.

The inferential data was interpreted using the Chi-square test method, which sought to determine whether there was an association between the two variables. The null hypothesis is that there is no association between the variables that is there is no significant difference. On the alternative, there is an association between the two variables, meaning that the difference would be significant. In this case, the four variables provided above are associated with the tenure, gender, levels of management, culture, education and age. The conclusion would be based on the p-value. When the p-value is less than 0.1, the difference is significant and an association is established between the two variables. A p-value above 0.1 indicates that there is no association between the variables.

The two variables (importance of ethics and tenure) were measured at an ordinal level in the table 18.



Table 18. Associating tenure and importance of ethics

	Value	df	Asymptotic Significance (2-sided)
<i>Pearson Chi-Square</i>	29.880a	15	0.012
<i>Likelihood Ratio</i>	24.03	15	0.065
<i>Linear-by-Linear</i>			
<i>Association</i>	4.201	1	0.04
<i>N of Valid Cases</i>	1478		

Source: Prepared by the Author based on own research.

As seen from Table 18, a significant association exists between tenure and the importance of ethics within the community, since the p-value is 0.012. Essentially, this means that the importance of ethics varies by tenure groups.

Table 19. Associating ethics and culture

	Value	df	Asymptotic Significance (2-sided)
<i>Pearson Chi-Square</i>	36.227a	15	0.002
<i>Likelihood Ratio</i>	27.998	15	0.022
<i>Linear-by-Linear</i>			
<i>Association</i>	16.128	1	0
<i>N of Valid Cases</i>	1469		

Source: Prepared by the Author based on own research.

The table 19 indicates that the p-value is 0.002, which means that there is a significant association between ethics and different communities and cultures. This proves that the importance of ethics varies by cultural groups.

Table 20. Associating importance of ethics with gender

	Value	df	Asymptotic Significance (2-sided)
<i>Pearson Chi-Square</i>	4.688a	6	0.584
<i>Likelihood Ratio</i>	4.796	6	0.57
<i>Linear-by-Linear</i>			
<i>Association</i>	0.069	1	0.793
<i>N of Valid Cases</i>	1480		

Source: Prepared by the Author based on own research.

Table 20 associates importance of ethics with gender. With a p-value of 0.584, there is no significant association between gender and the perceptions of importance of ethics. Moreover, when the recognition of ethical issues was associated with gender, the p-value was 0.417, indicating that there was no association whatsoever between gender and importance of accounting ethics among Indian professionals.

The results indicate that the higher population of accounting professionals in India are aware of accounting ethics and choose to practice ethics in decision-making. Up to 85 percent of professionals believe that ethics should be integrated into the learning modules of accountancy education. The sample reflects a youthful age group (from ages 20-30 years) and could be an indicator of professional preferences for the Indian population. A scarcity of accounting professionals in the country could be the reason for this population skew, as there is high demand for certified accountants in the developing economy. This could explain why there is only 14 percent of accounting professionals above 41 years of age. Overall, the variables from the questionnaire have been tested to support that accounting ethics is important to the accounting profession. Moreover, accounting education needs to support these endeavors. The following chapter discusses the recommendations and conclusions as a closing to this research.

## **2.4. Other Comments and Conclusion**

This study provides an analysis, discussion and presentation of the data obtained in the course of this study. In this section, a conclusion, recommendations and limitations of this study are explored.

Overall, the study was able to describe the accounting ethics and how it intersects with professional practice in India. Data from the questionnaires supported our discussion in various ways including:

- a. There was positive perception regarding the extent to which the accounting profession required accounting ethics, and
- b. The range of stakeholder perceptions on the importance of accounting ethics largely skewed towards 'important'.

Accounting ethics is important for the accounting profession due to the important role practitioners play in financial processes, whether they are for corporate governance or compliance purposes. A lapse in the ethical practice in business reporting, for instance, could have the potential to bring about negative societal and business ramifications. Most times, these lapses are the result of paucity in the moral probity of the professional. This is the reason why recent financial scandals such as the Lehman Brothers and Enron scandals existed. In India, there are multiple references to lapses on financial reporting in government expenditure year after year. The private sector is also a culprit of regular creative financial reporting. As a result, there is a need for more vigilance among private entities with regards to their accounting practices.

## CONCLUSION

A suitable point of departure for this research would be to overhaul current business education and training to properly integrate ethics in general and accounting ethics more specifically. There is currently sufficient investment in legislation, codes of conduct and processes to enforce ethical conduct among professionals. Moreover, good governance and integrity are encouraged in local government spheres. Even so, runaway unethical conduct remains rampant. As a result, change in behavior among accounting professionals could only be achieved by tough laws and strict compliance, where professionals are bound to their duties and exercise them with good faith, integrity, competency, objectivity and independence.

That said, a variety of conclusions could be deduced from the study. Various deductions could be made from both the literature and the questionnaire data (see Table 21).

From the deductions in Table 21(see appendix) explored, different recommendations could be made:

- a. Organizations should invest in the continuous development of their accounting staff through workshops and other training and development programs for both its corporate leaders and accountants. These programs would be aimed at integrating ethics with accountants' personal values.
- b. Accounting ethics should be integrated by professionals both horizontally and vertically within business curricula. Horizontal integration suggests that integration is made to every year/level of study while vertical integration means structuring ethics education from simple to complex subjects in successive levels of learning. Essentially, this requires an overall of current ethics learning frameworks.
- c. Professional accounting bodies should enforce registration by professionals to enforce an ethical code of conduct.
- d. Close cooperation is required for aspects of accounting training and professional regulatory bodies, thereby guaranteeing the development of training which aligns with the changing demands of the accounting profession.

The general public must be able to put their trust on the accountants so that they can make informed decisions. If we want to keep reestablishing buyers trust on the products of businesses its

imperative to develop a moral culture inside every business organizations. To develop ethics in the accounting field, the role of education is very important. Those students who want to work in the financial sector must understand the importance and its dependence in their workplace. So, it's crucial to add Accounting Ethics to the syllabus of accounting Education. Last but not the least, 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.

In general, it can be concluded that accounting ethics training and awareness should be provided occasionally by all organisations 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.

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# APPENDIX 1

<b>ACCOUNTING ETHICS QUESTIONNAIRE</b>
--

**SECTION A: BIOGRAPHICAL DETAILS**

1. NAME OF COMPANY: \_\_\_\_\_

2. HOW LONG HAVE YOU BEEN WITH THE COMPANY?

1-5 Years	
6-10 Years	
11-15 Years	
More than 15 years	

3. AGE:

20-30 Years	
31-40 Years	
41-50 Years	
More than 50 years	

4. GENDER:

Male	
Female	

5. NAME OF INSTITUTION YOU OBTAINED QUALIFICATION

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6. EDUCATIONAL LEVEL:

Matric or less	
Matric + 1 year	
Matric + 3 years	
Matric + more than three years	

**OFFICE USE ONLY**

<b>2.</b>	
<b>3.</b>	
<b>4.</b>	
<b>5.</b>	
<b>6.</b>	
<b>7.</b>	
<b>8.</b>	

**APPENDIX 1 continued**

**7. LEVELS OF MANAGEMENT**

Manager/Supervisor	
Employee	

**8. CULTURE GROUP**

ASIAN	
AFRICAN	
WHITE	
COLOURED	

## APPENDIX 1 continued

Please rate the importance of each of the following general concepts on the 7-point scale provided:

9. How important are ethics in the business community?

Important	1	2	3	4	5	6	7	Unimportant
-----------	---	---	---	---	---	---	---	-------------

10. How important are ethics in business courses?

Important	1	2	3	4	5	6	7	Unimportant
-----------	---	---	---	---	---	---	---	-------------

11. How important are ethics in your personal decisions?

Important	1	2	3	4	5	6	7	Unimportant
-----------	---	---	---	---	---	---	---	-------------

12. How important are ethics in your decisions in the workplace?

Important	1	2	3	4	5	6	7	Unimportant
-----------	---	---	---	---	---	---	---	-------------

## APPENDIX 1 continued

Please rate the importance of each of the following possible goals of accounting ethics education:

13. Relate accounting education to moral issues.

Important	1	2	3	4	5	6	7	Unimportant
-----------	---	---	---	---	---	---	---	-------------

14. Recognize issues in accounting that have ethical implications.

Important	1	2	3	4	5	6	7	Unimportant
-----------	---	---	---	---	---	---	---	-------------

15. Develop “a sense of moral obligation” or responsibility.

Important	1	2	3	4	5	6	7	Unimportant
-----------	---	---	---	---	---	---	---	-------------

16. Develop the abilities needed to deal with ethical conflicts or dilemmas.

Important	1	2	3	4	5	6	7	Unimportant
-----------	---	---	---	---	---	---	---	-------------

17. Learn to deal with the uncertainties of the accounting profession.

Important	1	2	3	4	5	6	7	Unimportant
-----------	---	---	---	---	---	---	---	-------------

**APPENDIX 1 continued**

18. “Set the stage for” a change in ethical behavior.

Important	1	2	3	4	5	6	7	Unimportant
-----------	---	---	---	---	---	---	---	-------------

19. Appreciate and understand the history and composition of all aspects of accounting ethics and their relationship to the general field of ethics.

Important	1	2	3	4	5	6	7	Unimportant
-----------	---	---	---	---	---	---	---	-------------

## APPENDIX 1 continued

Additionally, please answer the following questions:

20. Have you ever being taught an ethics course in a university or college setting?

YES	NO
-----	----

(If no, please skip to question 2.)

If yes, do you think this class/course was well designed and effective? YES/NO

21. Did you have an ethics course as part of your academic programme?

YES	NO	UNSURE
-----	----	--------

If yes, is it offered at the:

Entry level?	YES	NO	UNSURE
Intermediate?	YES	NO	UNSURE
Advanced?	YES	NO	UNSURE

22. Have you ever had any workshops presented on ethics at your workplace?

YES/NO/NOT SURE

1. Do you think that having an ethics course as part of a qualification would help all employees solve moral and ethics issues facing the accounting profession and the business community in general?

YES	NO	UNSURE
-----	----	--------

## **APPENDIX 1 continued**

Any comments or suggestions:

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Thank you for your participation in this study.



## APPENDIX 2. Tables

### Q 9. Importance of ethics to the business community

<b>Valid/Missing</b>	<b>Ethics Importance to the business community</b>	<b>No of respondants</b>	<b>Percentage</b>
Valid	1	1140	77%
Valid	2	120	8.10%
Valid	3	41	2.80%
Valid	4	39	2.70%
Valid	5	0	0.00%
Valid	6	30	2%
Valid	7	110	7.40%
	<b>Total</b>	1480	100%

Source: Prepared by the Author based on own research

### Q 10. Importance of ethics in business courses

<b>Valid/Missing</b>	<b>Ethics Importance in business courses</b>	<b>No of respondants</b>	<b>Percentage</b>
Valid	1	1089	73.60%
Valid	2	149	10.10%
Valid	3	50	3.40%
Valid	4	40	2.70%
Valid	5	41	2.70%
Valid	6	31	2.10%
Valid	7	80	5.40%
	<b>Total</b>	1480	100%

Source: Prepared by the Author based on own research.

Table 8. Importance of ethics in personal decision-making

<b>Valid/MISSING</b>	<b>Ethics Importance in personal decision making</b>	<b>No of respondents</b>	<b>Percentage</b>
Valid	1	1060	71.60%
Valid	2	189	12.80%
Valid	3	70	4.70%
Valid	4	10	0.70%
Valid	5	31	2.10%
Valid	6	50	3.40%
Valid	7	70	4.70%
	<b>Total</b>	1480	100%

Source: Prepared by the Author based on own research.

Table 9. Ethics in workplace decision-making

<b>Valid/Missing</b>	<b>Ethics Importance in workplace decision making</b>	<b>No of respondents</b>	<b>Percentage</b>
Valid	1	1190	80.40%
Valid	2	90	6.10%
Valid	3	40	2.70%
Valid	4	30	2%
Valid	5	10	0.70%
Valid	6	19	1.30%
Valid	7	101	6.80%
	<b>Total</b>	1480	100

Source: Prepared by the Author based on own research.

Table 10. Relating accounting education and a sense of morality

<b>Valid/Missing</b>	<b>Accounting education and a sense of morality</b>	<b>No of respondants</b>	<b>Percentage</b>
Valid	1	780	52.70%
Valid	2	280	18.90%
Valid	3	210	14.20%
Valid	4	101	6.80%
Valid	5	30	2.00%
Valid	6	40	2.70%
Valid	7	40	2.70%
	<b>Total</b>	1480	100.00%

Source: Prepared by the Author based on own research.

Table 11. Accounting ethics education aids in identifying moral dilemmas in accounting practice

<b>Valid/Missing</b>	<b>Accounting ethics whether it aids in identifying moral dilemmas</b>	<b>No of respondants</b>	<b>Percentage</b>
Valid	1	882	59.60%
Valid	2	284	19.20%
Valid	3	121	8.20%
Valid	4	61	4.10%
Valid	5	21	1.40%
Valid	6	40	2.70%
Valid	7	50	3.40%
Valid	Total	1459	98.60%
Missing	System	21	1.40%
	<b>Total</b>	1480	100%

Source: Prepared by the Author based on own research.

Table 12. Accounting education and moral obligation.

<b>Valid/Missing</b>	<b>Accounting education and sense of morality.</b>	<b>No of respondants</b>	<b>Percentage</b>
Valid	1	990	66.90%
Valid	2	221	14.90%
Valid	3	120	8.10%
Valid	4	21	1.40%
Valid	5	28	1.90%
Valid	6	61	4.10%
Valid	7	40	2.70%
	<b>Total</b>	1480	100%

Source: Prepared by the Author based on own research.

Table 13. Accounting education in dealing with moral dilemmas

<b>Valid/Missing</b>	<b>Accounting education and moral dilemmas</b>	<b>No of Respondants</b>	<b>Percentage</b>
Valid	1	1030	69.60%
Valid	2	200	13.50%
Valid	3	50	3.40%
Valid	4	30	2.00%
Valid	5	90	6.10%
Valid	6	30	2.00%
Valid	7	50	3.40%
	<b>Total</b>	1480	100.00%

Source: Prepared by the Author based on own research.

Table 16. Accounting education and developing appreciation for ethics

<b>Valid/Missing</b>	<b>Acc. Education and apprec. Of ethics</b>	<b>No of respondants</b>	<b>Percentage</b>
Valid	1	710	48.00%
Valid	2	330	22.30%
Valid	3	200	13.50%
Valid	4	70	4.70%
Valid	5	61	4.10%
Valid	6	40	2.70%
Valid	7	50	3.40%
	<b>Total</b>	1459	98.60%
Missing	System	21	1.40%
<b>Total</b>		1480	100.00%

Source: Prepared by the Author based on own research.

Table 14. Accounting education and equipping professionals to resolve workplace uncertainties.

<b>Valid/Missing</b>	<b>Accounting education and equipping professionals to resolve workplace uncertainties.</b>	<b>No of respondants</b>	<b>Percentage</b>
Valid	1	961	64.90%
Valid	2	240	16.20%
Valid	3	80	5.40%
Valid	4	70	4.70%
Valid	5	61	4.10%
Valid	6	50	3.40%
Valid	7	10	0.70%
	<b>Total</b>	1470	99.30%
Missing	System	10	0.70%
	<b>Total</b>	1480	100%

Source: Prepared by the Author based on own research.

Table 15. Accounting education as a pacesetter for ethical behavior change

Valid/Missing	Accounting education as a pacesetter for ethical behavior change	No of respondents	Percentage
Valid	1	76	51.40%
Valid	2	21	14.20%
Valid	3	25	16.90%
Valid	4	8	5.40%
Valid	5	3	2.00%
Valid	6	5	3.40%
Valid	7	4	2.70%
Valid	Total	142	95.90%
Missing	System	6	4.10%
	<b>Total</b>	148	100.00%

Source: Prepared by the Author based on own research.

Table 21. Deductions

Deductions from Literature	Deductions from Questionnaire
<p>Accounting Ethics is critical to corporate governance</p> <ol style="list-style-type: none"> <li>Centrality of accounting ethics has led to the development of standards and benchmarks.</li> <li>Accounting ethics has developed since the days of Luca Pacioli to its current tested codes of conduct.</li> <li>Recognizing accounting ethics has led to its integration in training and business education.</li> <li>Accounting ethics is a concern in society and has found space in national debates and awareness.</li> <li>Accounting education should develop moral responsibility among learners</li> </ol>	<p>Accounting Ethics are important to the business community.</p> <ol style="list-style-type: none"> <li>Ethics is important to education and business courses.</li> <li>Ethics is important for personal decision-making among accounting stakeholders.</li> <li>Ethics is important for workplace decision-making.</li> <li>Accounting ethics education promotes moral development.</li> <li>Accounting education provides professionals with the ability to deal with uncertainties within the profession.</li> </ol>

Source: Prepared by the Author based on own research.

