ISSN 2454-8596
www.vidhyayanaejournal.org
An International Multidisciplinary Research e-Journal

The Role of Ethics in Accounting-An Exploratory Study

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Abstract

In this paper, the researcher has examined accounting, and its ability to directly attract public self-esteem depends on the acceptance of professional disciplines on several important ethical and accounting subjects. The fraudulent accounting practises state that the weakness of ethical values governs the work and education of accounting. Therefore, the accounting training system has been established since this problem will lead to an increase in public trust, efficiency towards accountants. The role of ethics in solving the accounting training system and the professional accounting rules that are based on mind and metallization were explained by the library method and by exploring the websites through current research. The aforementioned problem will cause the complicated accounting issues among the accountants of the companies to be resolved.

Key Terms: Accountant, Ethic, Accounting Training, Business, Ethical Disciplines

Introduction

Ethics is about values. It is an attempt to understand what is good and what is bad, and it is a part of human society. It is impossible not to get involved in ethics, as what we do or do not do can be the subject of an ethical assessment at any time. Mankind is in a constant search for the essence of different rules, thus being linked to the essence of morality. Many believe that moral conduct implies a conscientious acceptance of specific constraints or rules that restrict both the attainment of our interests and the search for collective welfare. In the business world, ethics has gained increasing attention in the midst of a higher prevalence of cases of corruption and fraud, but it continues to be an overlooked and underrated subject. An integral part of any business decision is defined as a set of principles concerned with right or wrong held by an individual or group ethics (Duska 2003, 34).

On a daily basis, accountants can encounter situations that require a deep consideration of ethics.

However, before one can successfully apply ethics in their life and occupation, there must be a true understanding of why it is so vital to study ethics. First, for complex situations, some moral beliefs an individual has are too easy to apply. When deciding what course of action to take when conflicting ethical principles are involved, the ability to reason ethically is essential (Duska 2003, 37). Another important reason for studying ethics is to provide a thorough assessment of why one has certain views or beliefs and whether it is worth continuing to have them.

The Main Principles of Ethics in Accounting

Four basic ethical theories can be classified into the main ethical principles: egoism, utilitarianism, deontology, and ethics of virtue. In most societies, selfishness, the first ethical theory, inherently has a negative connotation. The idea of self-interest, not selfishness, focuses on this theory. Self-interest is defined as the best thing for one's own self, and selfishness at the expense of others does what is best for one's own self (Duska 2003, 53). Consequently, the theory of egoism can usually not be applied in business situations, particularly in the field of accounting, in which an accountant cannot always provide a customer's request for service. Applying egoism in this situation would suggest that the accountant provides services for that job regardless of their qualifications or lack thereof. In addition, egoism cannot settle disputes because it ultimately revolves around the idea of looking for one's own best interests-the very factor that in the business world has led to many fraudulent crimes.

According to Emil Horomnea and Ana-Maria Pa (2012), "Accounting is a key component of economic science, having the function of quantifying and stressing a company's financial position and performance, including its changes over a specified period of time." The need to associate these notions is determined by the importance of accounting as a profession, always in accordance with the ethical and moral norms imposed by accounting deontology. The progress of accounting from Luca Paciolo until the beginning of the 20th century is the result of assiduous work carried out in the field of accounting by theorists and practitioners. The new problems posed by accounting, for this reason, require compliance with ethical and moral principles. In the Ancient Orient, detailing the ethical principles was not a vital concern; however, it is possible to notice essential value concepts in: sentences, law codes, stories with heroes and myths, as well as in the commercial documents of the time. The oldest texts from the beginning of the 2nd millennium BC mention the fact that on bureaucratic bases, the societies located on the Tigris and Euphrates Rivers were organised. In those times, in order for the latter to facilitate their existence, people had to serve the gods, an idea expressly mentioned in the epic Babylonian creation EnumaElish (Speiser E. A., 1958).

Deontology, which supports that not all ethical judgments regarding actions can be made on the basis of consequences, is the third major ethical theory. In assessing its ethical standing, factors other than those associated with the outcome must be considered (White 2013), and set rules of action must be followed in a situation rather than choosing a course of action that will lead to a desired outcome. In choosing how to respond in a situation in which ethics are being assessed, deontology is another theory to consider in business. It can guide decision-making when employees or executives are tempted to behave outside their organisational limits.

The final hypothesis. Virtue ethics, compared to the previously mentioned theories, has a distinctive characteristic. Virtue ethics focuses on an individual and the type of person they want to become, rather than concentrating on action or outcome. The ethics of virtue are highly applicable to accountants. The Commission on Certified Public Accountants' Standards of Education and Experience outlines the characteristics of a professional employee as follows:

- A specialized body of knowledge
- A recognized formal education process for acquiring the requisite specialized knowledge
- A standard of professional qualifications governing admission to the profession
- A standard of conduct governing the relationship of the practitioner with clients, colleagues, and the

public

- Recognition of status
- An acceptance of social responsibility inherent in an occupation endowed with the public interest
- An organization devoted to the advancement of the social obligations of the group.

In order to uphold these qualities, an accountant must apply reasoning to address ethical issues in decision-making. Ethical principles can assist an individual in a situation to analyse their own feelings. However, in order to encourage ethical behaviour in business situations, it is also important to consider the ethical codes of conduct and laws laid down by accounting organisations. Knowing one's own ethical standards as well as enforced laws can create a basis for a genuine understanding and practise of ethics in a socially responsible way.

The Origin of Business Ethics

The origin of business ethics derives from a time when profit maximisation was the sole purpose of existence for a company. In the non-economic aspects, or those associated with ethics, there was no consideration or value. Nowadays, when assessing success and validity as a socially responsible corporation, it is imperative to consider both economic and non-economic aspects. In order to ensure ethical decision-making and corporate governance among accounting individuals and businesses, the accounting profession has taken great measures; however, there is still a significant decrease in workplace business ethics.

Decline in Business Ethics

There have been many suggested reasons why ethical practises in professional companies have decreased. A decline in business ethics Businesses strive to make a profit amid economic weakness and a competitive business environment, but sometimes at the expense of ethical standards. Law enforcement and internal control teams have helped deter some unethical behaviours in professional environments, but there are increased trends towards ethical misconduct and discouraged reporting of such misconduct, according to a recent study done by the Ethics Resource Center. In their 2011 results, 45% of U.S. workers reported misconduct in the workplace, 65% of U.S. workers who witnessed misconduct reported it, and 22% of those who reported it experienced retaliation because of their report (Ethics Resource Center 2012). In addition, 13 percent of U.S. employees said they felt pressure to compromise the ethical standards of their company and break the rules, the highest percent since the year 2000. These and other statistics collected by the Ethics Resource Center indicate a weakness in workplace ethical compliance. A poor work culture, upper management pressure, greed, retaliation against whistle-blowers, and failure to accurately report can be such factors that can contribute to the deterioration of ethics in the workplace.

The strongest business work environment, characterised by higher rates of reporting and less misconduct, pressure, and retaliation against reporting, is generated by strong ethics programmes and work cultures. However, creating this ideal setting is primarily the responsibility of upper management. Communication between management and staff is a critical factor in instituting a successful work culture. As David Gebler, president of the Working Values Ltd. business ethics and training company, stated, "Few things are more fundamental than open and honest communications." A lack of open communication in the workplace can lead to confusion, a lack of productivity, and ultimately, a poor working environment in which honesty and openness are not regarded as key components of an ethical culture (YFlaherty 2013). In order for staff to also embrace an ethical outlook, top management must show employees support for an ethical work culture.

The Concept of Ethics

Aristotle, as the name of a philosophical discipline, used the concept of ethics for the first time. In addition to the one mentioned earlier, Socrates and Plato are the main benchmarks when we speak of Greek Ethics. If Aristotle considered that it was degrading to achieve wealth and money without labour, Nicolae Iorga, a renowned Romanian historian, literary critic, documentary maker, playwright, university professor and academic, stated that "our country needs a duty to work, first and foremost." Of all moral deficiencies, work is the most suitable disinfectant.' Accounting provides, through the "true and fair view", a performance and legitimacy criterion based on a coherent set of principles, standards and conventions. Accounting based on real, honest, complete and neutral information undoubtedly reflects, to a large extent, the degree of morality of the actors involved in economic activity: investors, the state, employees, trade unions, managers, potential investors, etc (Horomnea E., 2011).

Although no less than an unethical reason for acting unethically, some individuals do not even realise that they violate a law or deviate from accounting standards, or that their unethical behaviour is actually in the best interest of stakeholders or the company. According to the AICPA Code of Conduct, the possibility of ignorance by staff reiterates the importance of having integrity. The above reasons for increased unethical behaviour in the accounting profession correspond, as Willig (2002) found, to the four own explanations for misconduct of author and management consultant Saul W. Gellerman: 1. Actually, my conduct is not illegal or immoral. 2. The actions are in the best interests of the company 3. No one ever gets to figure out 4. The company's going to protect me.

The fourth reasoning of Gellerman for unethical conduct, that the company will protect the unethical worker, depends on the company's integrity and culture. If it is believed that the company will profit from such action, unethical businesses will allow unethical conduct. Even if this activity is accepted, however, it will continue as long as it is undetected by the higher authorities or by a co-worker concerned, leading to whistleblowing.

The confidential reporting of fraudulent acts in the workplace is whistleblowing. Since 1 989, the US has had a Whistleblower Protection Act, but the mere creation of the act does not guarantee compliance with the law (Painter 2008, 40). The willingness of employees to whistleblow can be attributed to both individual and situational variables (Near 1995). Individual variables relate to the whistleblower's personal characteristics and the credibility and organisational status of the reporter in the company. The degree of available evidence, the impact on the company and the legal origin of the complaint are situational factors (Painter 2008, 41). Retaliation prevents many workers from reporting fraudulent acts, regardless of the variables behind whistleblowing. This alone has kept many people from the public with knowledge of fraud. Various forms of retaliation experienced as a result of whistleblowing have been reported in a 2009 survey carried out by the Ethics Resource Center. Sixty-two percent of those surveyed were excluded from management decisions, 60 percent experienced the cold shoulder of another employee, 55 percent were verbally abused by higher management, 48 percent almost lost their job, 43 percent were not promoted or raised, and 42 percent were abused verbally by co-workers. In addition, 27% have been relocated and 18% have been demoted (Ethics Resource Center 2012). It is evident, given these statistics, that retaliation against whistleblowers is a serious problem. Given the harm that fraudulent behaviour can have on a business and its credibility, whistle-blowers' retaliation should be replaced with awards for pursuing a more ethical, honest and strong workplace.

Over the past few decades, the accounting profession has grown phenomenally, but with growth comes the need for enhanced regulation in response to an influx of fraud and corruption among accounting companies. Some issues related to fraud and a lack of ethical awareness have been addressed by such regulations, but the confidence of stakeholders has decreased in response to business criticism. To overcome recent accounting scandals and to re-establish accountants as trustworthy and ethical professionals, it is essential to rebuild stakeholder confidence in the accounting profession. Over the years, the accountant's role and responsibilities have been shaped by set rules and regulations, but when evaluating the relationship between the accountant and client, confidence continues to be a problem. Accounting companies need to pave the way for greater accountability in order to rebuild trust by instilling a professional tone at the top of management, creating a work culture with open communication, providing employee ethics training, and ultimately focusing on the client as the top priority.

It is a common belief that an organization's leaders are the people responsible for instilling and maintaining a corporate culture revolving around ethical conduct and accountability. This role is reiterated by the duties of top management to monitor their company's financial performance (Schwartz 2005). Given the enormous financial and social damage corporate scandals have imposed on society, boards of directors and top management are constantly criticised by the public. Leaders of these businesses are often highly intelligent and competent people with business and accounting experience and are expected to uphold ethical standards that reflect such knowledge and expertise. A high degree of confidence is placed in the hands of managers, and they must commit themselves to the ethical professional obligations imposed on them.

Therefore, ethics management programmes consistently start with approval and assistance from senior management and the board of directors for a company-wide ethics programme (Hoffman 1999). If one is not implemented, Top Management must be aware of the need for such a programme and the ethical risks involved. Typically, once a company's leaders see the need for an ethics programme, set the tone for an ethically sound company, enforce the programme, and lead by example, the culture of the company can begin its transformation into an ethical environment (Painter-Morland 2008). In order to embrace the above definition of open communication, the idea must be fully understood and supported by top management, and they must identify where their business currently stands in relation to their goals for a communication culture (D'Aprix 2011, 31). Such a culture can led to a companywide environment with increased employee engagement and financial success. It promotes the concept of information moving from one person to another seamlessly, quickly, and effectively. It also fosters employee collaboration and engagement.

Conclusion

By focusing on the research and its results, the focus of the current research on the individual accounting morality in an organisational setting is simply incorrect, that individual actions cannot be aggregated to generate collective action. Accounting Employees' unethical treatments cannot be entirely caused by individual moral deficiencies, but are mainly the result of entrenched moral deficiencies The moral factor is the individual within the organisation, yet the business and its configuration exert a significant influence on ethical treatment. Similarly, through the current investigation, it was stated that moral action usually took place within a social or group context and that this context always had a profound impact on groups' moral decision-making. The moral judgement and actions of the group accounting group arose directly from the experience of the group. The moral rules and norms that bind people have done so because they are socially shared and because the group's authority is embodied.

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