

# A Study of Ethics and Accounting Education in India

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**Abstract – Despite the accounting standards and ethical codes guiding the accounting profession, morality and ethics has gone down the drain based on the occurrence of scandals in Enron, World Com, India and similar scandals that have surfaced. In line with this, this study looked into the opinions of accounting lecturers in some Indian universities on whether the teaching of ethics among student accountants can facilitate in instilling ethical behavior in future accountants. These opinions were later tested using the Chi-Square method of data analysis. Based on the analysis, for which all the calculated values are above the critical value, the alternate hypotheses which states that ethics should be taught as a separate course from principle of auditing and that teaching accounting ethics will help instill the culture of ethics in the student accountants were accepted. From the findings, the paper concludes that if ethics is taught well as an independent course in the accounting curriculum and not as part of auditing, the future accountant is bound to have instilled in him/ her, the required ethical culture.**

**Keywords: Ethics, Accounting, Education, Scandals.**

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## INTRODUCTION

Throughout its history, accounting has been a moral discourse partially reflecting the moral order of the world in which it's been practiced (Verschoor 2002: 28). According to this view, the injustices that have occurred with the accounting profession reflect the current state of immorality in the society. But as debates proliferate in regards to ethics and accounting, it is essential to define ethics within the accounting profession. As defined by Jackling, Cooper and Dellaportas (2006), ethics is the discipline dealing with what is good and bad and with moral duty and obligation principles of conduct governing an individual or a group.

The issue of ethics has been long discussed in virtually all disciplines and works of life. In relation to accounting, the application of ethics cannot be overemphasized because it is somewhat the bedrock of the accounting profession. Ethics in the accounting profession can be said to be one of its pillars because, it gives support to the notion that accountancy is a noble profession. Furthermore the profession is such that it is governed by its own standards and not by government (Verschoor, 2002). There are so many standards that have come to stay in the accounting profession that gives the profession a humble name and made the accountants to be called "noble". With regard to auditing, the Auditing Practices Board also sets out a number of guidelines on ethics which should be followed by auditors due

to the nature of their work. Hence, self-regulation may not seem possible if accountants were not seen to have high standards of professionalism or morals. The nature of both accountants' and auditors' work require them to have and show high level of ethics. In the case of auditors, they have to ensure that a true and fair view is being portrayed by the financial accounts of the company they are auditing. Shareholders for instance rely heavily on the annual accounts of a company as they can use this information to make informed decisions on their investment. The opinion of the auditor is so much vital as he is the one to express the truth and fairness of the financial statements or otherwise (Warth, 2000).

## SCOPE OF STUDY:

Since the study covers the role of ethics in accounting profession and the effect that the teaching of ethics in tertiary institutions will have on instilling ethical conducts in future accountants, this study therefore focuses on the views of accounting lecturers in northern Indian universities only.

## HYPOTHESES TESTING:

### Hypothesis 1:

**H0** : Teaching accounting ethics cannot help instill the culture of ethics in future accountants

**H1** : Teaching accounting ethics will help instill the culture of ethics in future accountants

### Hypothesis 2:

**H0**: Ethics should not be taught as a separate course from principle of auditing

**H1**: Ethics should be taught as a separate course from principle of auditing

### METHODOLOGY:

This study, adopted primary data to ascertain if the teaching of ethics can instil the ethical culture in student accountants and also to find out if Ethics should be taught as a separate course from principles of auditing. The population size for this study is centered on the accounting lecturers in universities. From this population, a random sampling technique was used to select a sample of 60 accounting lecturers from different universities in India. The choice of this sample is because the respondents have rudimentary and substantial knowledge of ethics, its role and its application. Copies of questionnaire were administered to find out the opinions of the selected accounting lecturers on the teaching of ethics in the universities. All but three copies of the questionnaire were retrieved and five were not well filled, thereby making only 52 copies available for the analysis. These opinions were later tested using the Chi- Square method of data analysis.

**Table 1: Ethics Education Can Facilitate Instilling Of Ethical Behaviour In Student Accountants**

	Observed N	Expected N	Residual
Strongly agreed	17	17.3	-0.3
Agreed	33	17.3	15.7
Disagree	2	17.3	-15.3
Total	52		

*Source: field survey,(2018)*

**Table 2: Ethics Should Not Be Taught As a Separate Course from Principle of Auditing**

	Observed N	Expected N	Residual
Strongly agreed	15	17.3	-2.3
Agreed	31	17.3	13.7
Disagree	6	17.3	-11.3
Total	52		

*Source: field survey,(2018)*

### Chi- Square Result

	Teaching accounting ethics will help instill the culture of ethics in the student Accountants	Ethics should be taught as a separate course from principle of auditing
Chi-Square (a)	27.731	18.500
df	2	2
Asymp.Sig	.005	.005

### FINDING

From the table above, 32.7% of the respondents strongly agreed that ethics education can help to instil ethical behavior in the student accountants, also 63.5% agreed likewise and those that disagree were 3.8% of the respondents. The first question relating to hypothesis 1 has a calculated value of 27.731 and a critical value of 5.99 at 0.05% level of significance and a 2 degree of freedom. The second question also relating to hypothesis 2 has a calculated value of 18.500 and a critical value of 5.99 at 0.05% level of significance 2 degree freedom. Based on the above analysis, for which all the calculated values are above the critical value, the alternative hypotheses which states that ethics should be taught as a separate course from principle of auditing and that teaching accounting ethics will help instil the culture of ethics in the student accountants are accepted. As observed from the copies of questionnaire administered, Central University offers Ethics as a separate course apart from its inclusion in the principles of auditing at the final year level. This is likely to be because it is a Punjabi university with some level ethical norms. Although University of Delhi which is a conventional university also teaches ethics as a separate course but this is only evident at the masters' level and not at the undergraduate level in the accounting department. However, all other universities have ethics incorporated in their auditing curriculum and not as a separate course in their accounting department.

### CONCLUSION AND RECOMMENDATIONS:

From literatures reviewed, this study concludes that the ethical conduct of accountants has been dented and has created a wrong image foe on this profession as a result of different unethical practices of high profile companies. The paper further concludes that ethics education is a reckoning force with behaving ethically. From the above findings, it is also evident that if ethics is taught well as an independent course in the accounting curriculum, the future accountants are bound to have instilled in them, the required ethical culture. It was further observed that the relationship between ethics and the accounting profession is symbiotic; meaning that ethics is an integral part of accounting profession and the accounting profession is standing on the foundation of ethics.

This is in line with the work of Langender and Rockness (1989) as cited in Shawver (2006), where they opined that ethics education should become more prevalent in accounting curriculum. This paper therefore recommend that ethics in accounting should be made effective as a major course in Indian Universities, so as to enlighten and educate students on how to and how not to behave as accountants. This the study views as one potential remedy to address the professional ethical crises around the world. In the same vein, the paper suggests that there should be increased ethics education at both pre-qualifying and post-qualifying levels of the accounting profession.

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