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A STUDY ON THE PERCEPTION ABOUT ETHICAL ACCOUNTING PRACTICES AMONGST THE TEACHERS AND PRACTISING ACCOUNTANTS OF NORTH 24 PARGANAS

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Abstract

Ethics is a set of moral issue or aspect such as rightness. It is the discipline dealing with what is good and bad with moral duty and obligation. It uplifts the quality and consistency of services rendered by professional accountants. In the previous three decades collapse of several companies are observed, and in most of the cases the reason behind these unethical practices of accounting. So, it is a burning issue. In this research paper we tried to highlight an overview of ethical accounting practices prevailing amongst the teachers and practicing accountants of North 24 Parganas.

Keywords: Ethics, Accounting, Auditing, Financial Reports.

Introduction

Before the discuss about ethics, it is essential to know the meaning of Value, Moral and Norms as very often we use these terms as synonymously. But there are differences. Value in day-to-day work describe as religious, cultural, political, ideological acceptances, attitude, principles, opinions. In other way it can be stated as it is a particular attitude or belief that people think which are valuable to them. Morals is derived from Latin word 'mores' which means habits or customs. Morality is to perform one's duty to other's or performing one's duty by some moral norm. Norms are fundamental concept of social science that indicates to the rules that control behaviour of a group or community.

The word Ethics is derived from the Greek word 'ethos' (character). It is an act to choose right things and result in good behaviour. It is a set of moral principles or values.

Ethics in accounting was posed after collapse of Enron in 2001. It was one of the biggest scandals of the recent century that became the origin of big reformations in corporate governorship across the world, affecting accounting and auditing deeply. Examining collapse of Enron reveals important points, one of which was weakness of internal controls and financial reporting as a result of interorganizational moral descension in accountants and auditors. Professional accountants (those who are rendering services to their clients against fees) and practicing accountants (those who is employed in public and private concern for salary) are liable to their clients or organisation for their services. Their responsibility to perform duty with ethical values, honesty, integrity, objectivity, confidentiality to the public interest.

According to **Zorna** in his study, ethics can be understood as some set of the moral rules and norms that influence the

individuals and organisations and also determine the ways in which individuals and organisations operate or function in business and personal activities.

Dr. Manoj S. Kamat Dr. Manasvi M. Kamat observed that the basic principle of ethics associated with accounting profession encompasses professional integrity, confidentiality, as well as professional behaviour and competence.

The **International Ethics Standards Board for Accountants (IESBA)** believes a single set of high-quality ethics standards enhances the quality and consistency of services provided by professional accountants, thus contributing to public trust and confidence in the accountancy profession. The

IESBA sets its standards in the public interest with advice from the IESBA Consultative Advisory Group (CAG) and under the oversight of the Public Interest Oversight Board (PIOB).

Therefore it is crucial to maintain accounting principle, transparency, fair view of accounting reports. Moreover reliability is an important aspect of Accounting reports for the stakeholders. Decisions are taken by stakeholders on the basis of accounting reports. Proper, fair, transparent and reliable accounting information are beneficial for professional accountant, business organisations and economic growth of the nation.

Importance of Ethics in Accounting:



Brief Review of Literature

Prof. G. Soral & Anju Kamra (2013) in his study **Creative accounting vis-à-vis ethics: some case studies from India and abroad** has clearly stated in their paper that proper knowledge of ethics and information of analysing financial statements may reduce unethical practices. Unethical practices by the companies and auditors for their personal gain can be reduced by increasing awareness.

Paul Jajairam (2017) in his study **Ethics in accounting** says that it is compulsory for the government and public governing bodies to promote and develop ethical practices in accounting firm.

Tania Alves De Jesus (2020) states in his research **Creative accounting or fraud? Ethical perceptions among accountants**

about accounting manipulation practices that accountant are more ethically uncomfortable with creative accounting practices that are closer to the limits of fraud and show less ethical discomfort with creative accounting practices that are more distant from fraud.

Shaikh JM (2023) in his study **Considering the ethics of accounting in managing business accounts: a review** concludes that it is essential for accounting professionals and organisations to highlight the ethics in accounting practices and the need for ongoing education, training and support to promote ethical behaviour in workplace.

Rafael Romero-Carazas et.al (2024) highlights in their study **The Ethics of the Public Accountant: A Phenomenological Study** that significance of ethics in the role of

public accountant, emphasizing that an accountant must be ethical, fair, honest and responsible to the welfare of clients.

Research Methodology of the Study

Nature of Data-The required primary data was collected through a structured questionnaire featuring both open-ended and close-ended questions based on first-hand experiences. Initially demographic questions were posed, followed by dichotomous and multiple-choice questions, 5-point Likert scale questions.

Method of Sampling- A simple random sampling technique were employed to collect data from 250 respondents teachers and practicing accountants from North 24 Parganas.

Structures of contents of Questionnaire

Part A of the analysis comprised the demographic profile of the respondents, including age, gender, marital status, highest academic degree and years of experience etc.

Part B of the analysis dealt with research questions on ethics education addressing the respondents about knowledge of ethics gather from university, work place, importance of ethics , suggestion about ethic education development courses etc.

Part C of the analysis focused on Exploratory Factor Analysis performed through Principal Component Analysis (PCA) with varimax rotation.

Section-A analyzed demographic profile-related questions of the respondents such as age, gender, marital status, highest academic degree, years of experience. The tool used here are mainly Frequency Distribution Tables and Descriptive Statistics.

Section-B analyzed the questions related to the research question on ethics education which contains Whether you received Accounting Ethics Education at University Level? Whether you received

Accounting Ethics Education at Corporate Level? Do you think Ethics Education is important to the Accounting Profession? etc.

Section C analysed the research-specific questions which were asked to the respondents through fill-in structured questionnaires measured in 5-Point Likert Scale and the specific tools used here for analysis are mainly frequency distribution and frequency tables, prepared through Microsoft Excel and SPSS 25.

Data Analysis

Reliability Test

After conducting a Reliability Statistics test in SPSS 25, the Cronbach's Alpha based on standardized items is found to be 0.997, which proves the reliability of the questionnaire and data.

Reliability Statistics

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.997	.997	27

Validity Test

Further, for validity test, we have conducted Friedman test and Tukey test. In statistics, Tukey's test of additivity, called for John Tukey, is a method used in two-way ANOVA (regression analysis including two qualitative factors) to measure whether the factor variables are additively associated to the expected value of the response variable. It can be useful when there are no fake values in the data set, a situation in which it is impossible to directly estimate a fully general non-additive regression structure and still have information left to estimate the error variance. The test statistic planned by Tukey has one degree of freedom under the null hypothesis, hence this is often called "Tukey's one-degree-of-freedom test." The Turkeys test for no additivity is found to be significant which approves that there are no fake values in the data set.)

ANOVA with Friedman's Test and Tukey's test for No Additivity (B)

	Sum of Squares	df	Mean Square	F	Sig		
Between People	10657.605	249	42.802				
Within People	Between Items	17.203	26	.662	5.708	.000	
	Residual	Non additivity	.501 ^a	1	.501	4.321	.038
		Balance	749.926	6473	.116		

	Total	750.427	6474	.116		
Total		767.630	6500	.118		
Total		11425.235	6749	1.693		

Grand Mean = 3.94

a. Tukey's estimate of power to which observations must be raised to achieve additivity = .465.

After this Hotelling's T-Squared Test for inter class correlation coefficient was also found significant

Hotelling's T-Squared Test

Hotelling's T-Squared Test				
Hotelling's T-Squared	F	df1	df2	Sig

.000 ^a
a. Hotelling's T-Squared cannot be computed because of a singular covariance matrix.				

After Turkeys One degree of Freedom Test and Hotelling's T-Squared Test, Intraclass Correlation Coefficient was also calculated as follows:

Intraclass Correlation Coefficient

Intraclass Correlation Coefficient							
	Intraclass Correlation ^b	95% Confidence Interval		F Test with True Value 0			
		Lower Bound	Upper Bound	Value	df1	df2	Sig
Single Measures	.932 ^a	.920	.943	369.254	249	6474	.000
Average Measures	.997 ^c	.997	.998	369.254	249	6474	.000
Two-way mixed effects model where people effects are random and measures effects are fixed.							
a. The estimator is the same, whether the interaction effect is present or not.							
b. Type C intraclass correlation coefficients using a consistency definition. The between-measure variance is excluded from the denominator variance.							
c. This estimate is computed assuming the interaction effect is absent, because it is not estimable otherwise.							

Since $p\text{-value} > \alpha$ (or $F < F_{crit}$), we can't reject the null hypothesis, and conclude **there is no significant difference between the mean vectors for the simple measures and average measures.**

Test for Normality

One-Sample Kolmogorov-Smirnov

Test: The Kolmogorov-Smirnov test can be improved to serve as a goodness of fit test. In the special case of testing for normality of the distribution, samples are reliable and associated with a standard normal distribution. This is corresponding to setting the mean and variance of the reference distribution equal to the sample estimates, and it is known that using these to define the specific reference distribution changes the null distribution of the test statistic: Various studies have found that, even in this corrected form, the test is less influential for testing normality than the Shapiro-Wilk test or Anderson-Darling test. The result of one-sample K-S Test was found to be .000, i.e., significant, implying that although convenience sampling was adopted as a method of sampling, but the dataset followed normal distribution.

Section-A: Analysis Relating to Demographic Profile of the Respondents Age of the Respondents

The age of the respondents, collected from the primary data survey with the help of a structured questionnaire, is being presented through the following table:

Age of the Respondents					
		Frequen cy	Perce nt	Valid Perce nt	Cumulati ve Percent
Valid	21-25 yrs	51	20.4	20.4	20.4
	26-30 yrs	65	26.0	26.0	46.4
	31-35 yrs	47	18.8	18.8	65.2
	>35 yrs	87	34.8	34.8	100.0
	Total	250	100.0	100.0	

From the above table and exhibit, we see that 34.80% of the respondents belong to

an age group of “Grater than 35 years”, followed by 26% of the respondents whose age lies between “26-30 years” and only 20.4% of the respondents falling the age group of “21-25 years”. This indicates that **majority of the respondents are belongs to the age group of >35 years, i.e. young but senior groups of employees or professionals.**

Gender of the Respondents

The Gender of the respondents, collected from the primary data survey with the help of a structured questionnaire, is being presented through the following table:

Gender of the Respondents					
		Frequen cy	Perce nt	Valid Perce nt	Cumulati ve Percent
Valid	Male	168	67.2	67.2	67.2
	Female	82	32.8	32.8	100.0
	Total	250	100.0	100.0	

From the above table and exhibit, we see that 67.2% of the respondents are males, followed by 32.8% of the respondents who are females. This indicates that **majority of the respondents are males.**

Marital Status of the Respondents

The Marital Status of the respondents, collected from the primary data survey with the help of a structured questionnaire, is being presented through the following table:

Marital Status of the Respondents					
		Frequen cy	Perce nt	Valid Perce nt	Cumulati ve Percent
Valid	Single	70	28.0	28.0	28.0
	Married	58	23.2	23.2	51.2
	Divorcee	53	21.2	21.2	72.4
	Others	69	27.6	27.6	100.0
	Total	250	100.0	100.0	

From the above table and exhibit, we see that 28% of the respondents are single, followed by 23.2% of the respondents who are married, 21.2% of the respondents who are divorcee and 27.6% of the respondents who belong to other categories. This indicates that **majority of the respondents are either single or married.**

Educational Qualification of the Respondents

The Educational Qualification of the respondents, collected from the primary data survey with the help of a structured

questionnaire, is being presented through the following table:

Educational Qualification of the Respondents					
		Frequen cy	Perce nt	Valid Perce nt	Cumulati ve Percent
Valid	Bachelor	116	46.4	46.4	46.4
	Masters	75	30.0	30.0	76.4
	Ph.D.	59	23.6	23.6	100.0
	Total	250	100.0	100.0	

From the above table and exhibit, we see that 46.4% of the respondents are having Bachelor’s Degree, followed by 30% of the respondents having Masters’ Degree and 23.6% of the respondents having Ph.D. Degree. This indicates that **majority of the respondents are having Bachelor’s Degree and having less chance of completion of courses relating to Accounting Ethics or Business Ethics.**

Section-B: Analysis Relating to Research Specific Questions

Years of Experience of the Respondents

The Years of Experience of the respondents, collected from the primary data survey with the help of a structured questionnaire, is being presented through the following table:

Years of Experience of the Respondents					
		Frequen cy	Perce nt	Valid Perce nt	Cumulati ve Percent
Valid	0-2 yrs	107	42.8	42.8	42.8
	3-8 yrs	75	30.0	30.0	72.8
	> 8 yrs	68	27.2	27.2	100.0
	Total	250	100.0	100.0	

From the above table and exhibit, we see that 42.8% of the respondents are having work experience of 0-2 years, followed by 30% of the respondents having work experience of 3-8 years and 27.2% of the respondents having experience of more than 8 years. This indicates that **majority of the respondents are having less work experience and less chance of practising Accounting Ethics or Business Ethics in their work life.**

Whether you received Accounting Ethics Education at University Level

The answer to question whether they received accounting ethics education at the University Level, as given the respondents, collected from the primary data survey with the help of a structured questionnaire, is being presented through the following table:

Whether you received Accounting Ethics Education at University Level					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	170	68.0	68.0	68.0
	No	80	32.0	32.0	100.0
	Total	250	100.0	100.0	

From the above table and exhibit, we see that 68% of the respondents received Accounting Ethics Education at University Level, followed by 32% of the respondents who didn't receive this education at all. This indicates that **majority of the respondents received Accounting Ethics Education at University Level.**

Whether you received Accounting Ethics Education at Corporate Level

The answer to question whether they received accounting ethics education at the Corporate Level, as given the respondents, collected from the primary data survey with the help of a structured questionnaire, is being presented through the following table:

Whether you received Accounting Ethics Education at Corporate Level					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	162	64.8	64.8	64.8
	No	88	35.2	35.2	100.0
	Total	250	100.0	100.0	

From the above table and exhibit, we see that 64.8% of the respondents received Accounting Ethics Education at Corporate Level, followed by 35.2% of the respondents who didn't receive this education at all. This indicates that **majority of the respondents received Accounting Ethics Education at Corporate Level.**

Do you think Ethics Education is important to the Accounting Profession

The answer to question whether they think Ethics Education to be important to the Accounting Profession, as given the respondents, collected from the primary data survey with the help of a structured questionnaire, is being presented through the following table:

Do you think Ethics Education is important to the Accounting Profession					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	198	79.2	79.2	39.2
	No	52	20.8	20.8	60.8
	Total	250	100.0	100.0	

From the above table and exhibit, we see that 79.2% of the respondents think that Ethics Education is important to the Accounting Profession, followed by 20.8% of the respondents who don't think so. This indicates that **majority of the respondents think that Ethics Education is important in Accounting Profession.**

Which of the following courses do you recommend to the next generation?

The answer to question which of the following courses do you recommend to the next generation, as given the respondents, collected from the primary data survey with the help of a structured questionnaire, is being presented through the following table:

Which of the following courses do you recommend to the next generation?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Auditing	152	60.8	60.8	60.8
	Tax Accounting	98	39.2	39.2	100.0
	Total	250	100.0	100.0	

From the above table and exhibit, we see that 60.8% of the respondents recommend Auditing Courses for the next generation, whereas 39.2% of the respondents recommend Tax Accounting courses. This indicates that **majority of the respondents recommend Auditing Courses for the next generation.** **Did the University courses include Ethics Awareness materials?**

The answer to question did the university courses include ethics awareness materials, as given the respondents, collected from the primary data survey with the help of a structured questionnaire, is being presented through the following table:

Did the University courses include Ethics Awareness materials?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	155	62.0	62.0	62.0
	No	95	38.0	38.0	100.0
	Total	250	100.0	100.0	

From the above table and exhibit, we see that 62% of the respondents opined that the university courses include Ethics Awareness materials, whereas 38% of the respondents

differed. This indicates that **majority of the respondents opined that the university courses include Ethics Awareness Materials.**

Principal Component Analysis for Exploratory Factor Analysis

Principal Component Analysis (PCA) is a method of reducing large number of variables into smaller number of factors and at the same time preserving most of the statistical information. In order to carry out Principal Component Analysis to identify the factors which have effect on practicing accountant’s perception on ethics in accounting practices the **twenty eight (28) variables are extracted into two (2) exploratory factors** which explain **97.524% of the total variance.**

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
	1	26.260	93.784	93.784	26.260	93.784	93.784	16.678	59.563
2	1.047	3.740	97.524	1.047	3.740	97.524	10.629	37.961	97.524
3	.349	1.246	98.770						
4	.152	.542	99.312						
5	.089	.318	99.630						
6	.041	.147	99.777						
7	.025	.090	99.867						
8	.016	.059	99.926						
9	.010	.034	99.960						
10	.006	.021	99.982						
11	.003	.010	99.991						
12	.001	.004	99.995						
13	.001	.003	99.998						
14	.001	.002	100.000						
15	4.970E-15	1.775E-14	100.000						
16	2.339E-15	8.352E-15	100.000						
17	2.360E-16	8.428E-16	100.000						
18	2.257E-16	8.060E-16	100.000						
19	2.243E-16	8.011E-16	100.000						
20	2.231E-16	7.966E-16	100.000						
21	2.219E-16	7.926E-16	100.000						
22	2.214E-16	7.907E-16	100.000						
23	2.157E-16	7.705E-16	100.000						
24	1.834E-16	6.551E-16	100.000						
25	1.151E-16	4.112E-16	100.000						
26	3.701E-32	1.322E-31	100.000						
27	-2.210E-16	-7.892E-16	100.000						
28	-8.480E-16	-3.029E-15	100.000						

Extraction Method: Principal Component Analysis.

The multiple regression equation for this variable “Integrity & Training” is greater than 1 and is

$$\beta_1 = 0.859X_1 + 0.859X_2 + 0.850X_3 + 0.845X_4 + 0.845X_5 + 0.845X_6 + 0.845X_7 + 0.845X_8 + 0.845X_9 + 0.845X_{10} + 0.845X_{11} + 0.845X_{12} + 0.843X_{13} + 0.843X_{14} + 0.841X_{15} + 0.834X_{16} + 0.822X_{17} + 0.814X_{18} + 0.802X_{19} + 0.796X_{20} + 0.795X_{21} \dots\dots\dots (i)$$

The second exploratory factor with three variables is named as “Ethical Dilemma”. The multiple regression equation for this variable “Ethical Dilemma” is greater than 1 and is:

$$\beta_2 = 0.865X_{22} + 0.864X_{23} + 0.864X_{24} + 0.864X_{25} + 0.853X_{26} + 0.750X_{27} + 0.750X_{28} \dots\dots\dots (ii)$$

Conclusion

The study reveals that the teachers and practicing accountants of North 24 parganas should maintain ethics in their respective work, highlighting various demographic, academic and perceptual factors. Firstly, Majority of the respondents belong to the age group of >35 years, i.e. young but senior groups of employees or professionals. On the contrary it indicates that 65.2% of the respondents belong in the age group of 21 years to 35 years. Secondly, we see that 46.4% of the respondents are having Bachelor’s Degree, followed by 30% of the respondents having Masters’ Degree and 23.6% of the respondents having Ph.D. Degree. This indicates that majority of the respondents are having Bachelor’s Degree and having less chance of completion of courses relating to Accounting Ethics or Business Ethics. Thirdly, we see that 42.8% of the respondents are having work experience of 0-2 years, followed by 30% of the respondents having work experience of 3-8 years and 27.2% of the respondents having experience of more than 8 years. This indicates that majority of the respondents are having less work experience and less chance of practising Accounting Ethics or Business Ethics in their work life. Fourthly, we see that 68% of the respondents received Accounting Ethics Education at University Level, followed by 32% of the respondents who didn’t receive this education at all. This indicates that majority of the respondents received Accounting Ethics Education at University Level. Fifthly, we see

that 64.8% of the respondents received Accounting Ethics Education at Corporate Level, followed by 35.2% of the respondents who didn’t receive this education at all. This indicates that majority of the respondents received Accounting Ethics Education at Corporate Level. Sixthly, we see that 79.2% of the respondents think that Ethics Education is important to the Accounting Profession, followed by 20.8% of the respondents who don’t think so. This indicates that majority of the respondents think that Ethics Education is important in Accounting Profession.

We see that 60.8% of the respondents recommend Auditing Courses for the next generation, whereas 39.2% of the respondents recommend Tax Accounting courses. This indicates that majority of the respondents recommend Auditing Courses for the next generation. we see that 62% of the respondents opined that the university courses include Ethics Awareness materials, whereas 38% of the respondents differed. This indicates that majority of the respondents opined that the university courses include Ethics Awareness Materials.

Finally, Principal Component Analysis (PCA) is a method of reducing large number of variables into smaller number of factors and at the same time preserving most of the statistical information. In order to carry out Principal Component Analysis to identify the factors which have effect on practicing accountant’s perception on ethics in accounting practices the **twenty eight (28) variables are extracted into two (2) exploratory factors** which explain **97.524% of the total variance**. The Rotated Component matrix has been developed with Principal Component Analysis as extraction method and Varimax with Kaizer normalisation.