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Research Article

Indian Ethos for Transparency in Ethical Accounting: A Conceptual Analysis

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ABSTRACT

The ethical accounting concept of business ethics directly relates to transparency, accountability and corporate responsibility. The major ethical issues occurring in accounting and finance are reporting false income, falsifying documents, allowing or taking questionable deductions, illegally evading income taxes, engaging in frauds, etc. Transparency is operating in such a manner that it is easy for others to see what actions are performed. Corporate transparency, a form of radical transparency, is the concept of removing all barriers to and the facilitating of free and easy public access to corporate information and to the laws, rules, social connivance and processes that facilitate and protect those individuals and corporations that freely join, develop and improve the process. The need of the hour is requirement of ethical accounting regulations, and this research paper has tried to relate Indian ethos for better transparency.

Keywords: Ethical Accounting, Indian Ethos, Transparency

INTRODUCTION

Vedas consider their existence is for mutual benefit and welfare. Hence, Vedic messages are for the past, present and future generations. Indian ethos is all about what can be termed as “national ethos”. Indian ethos has as its basis the culture base of India and as a country whose culture has its roots in religion; it does draw its lessons from the religions of the land be it Hinduism, Buddhism or any other (Barman 2011). Indian ethos for management means application of principles of management as revealed in our ancient wisdom brought forth in our sacred books like our Gita, Upanishads, Bible and Kuran. Indian thinkers mostly depend on internal controls, genetic cultivation and family culture to curtail greed. There is nothing wrong in materialism if it is secondary, i.e., secondary to honestly, love, equality, justice and compassion (www.egyankosh.ac.in/bitstream/123456789/35648/3/Unit-15.pdf). Indian ethos is drawn from the Vedas, the Ramayana, the Mahabharata, the Bhagavad Gita and Upanishads. Vedas and Vedic knowledge always consider human beings as the manifestation and manipulation of the divinity. Indian ethos is more vital to modern management than any other management theory for the simple reason that it takes into account a ‘whole’ man rather than approaching man in a partial manner as do the other theories (Iyer 2011). If it comes first, it can lead to exploitation, misery and loss of peace. There are six basic principles, which come to light in the holy books applicable in today’s management world. They are: 1. Each soul is a potential God; 2. Holistic approach; 3. Equal importance to subjectivity/objectivity; 4. Karma yoga; 5. Yogah Karmasu Kaushalam and 6. Cooperation (Barman 2011).

RATIONALE OF THIS STUDY

Accounting ethics is primarily a field of applied ethics, the study of moral values and judgements as they apply to accountancy. It is an example of professional ethics. The ethical accounting concept of business ethics directly relates to transparency, accountability and corporate responsibility (Ravindran and Iyer 2011). There are many strong believers of ethics in accounting because ethics provide with the base on which a complicated society can exist. More people will benefit from transparent accountability. Without strong ethical behaviour, this very old discipline will collapse. As part of a strong accountancy profession, its responsibility to all accounting professionals, academicians, chartered accountants and the corporate sector as a whole, should work together, to generate economic growth and stability not just in our India, but worldwide. Owing to several accounting scandals within the profession, several big business enterprises have come under scrutiny recently for questionable accounting practices not only in India but also throughout the world. This research paper is in part based on the suggestion that accounting regulation has an important function in society. It affects the allocation of economic resources, and so it has potentially wide-ranging effects on social welfare and the balance of economic power between parties with often competing interests. Companies are expected to provide access to information on the impacts of their operations, to engage stakeholders in meaningful dialogue about issues of concern that are relevant to either party and to be responsive to particular concerns not covered in standard reporting and communication practices. Accounting authorities are developing new accounting standards to improve corporate reporting (Iyer 2012). The major ethical issues occur in accounting and finance are reporting false income, falsifying documents, allowing or taking questionable deductions, illegally evading income taxes, engaging in frauds etc. (www.mbaknol.com/page/290/). Transparency, as used in science, engineering, business, the humanities and in a social context more generally implies openness, communication and accountability. Transparency is operating in such a manner that it is easy for others to see what actions are performed. Corporate transparency, a form of radical transparency, is the concept of removing all barriers to — and the facilitating of — free and easy public access to corporate information and to the laws, rules, social connivance and processes that facilitate and protect those individuals and corporations that freely join, develop and improve the process. The need of the hour is requirement of ethical accounting regulations, and this research paper has tried to relate the Indian ethos for better transparency.

OBJECTIVES OF THIS RESEARCH WORK

The objective of this paper is to analyse the relevance and utility of Indian ethos for better transparency in order to regulate ethical accounting practices.

RESEARCH METHODOLOGY

Qualitative research methodology is used as the core concept of this research paper. Available sources from secondary streams are used for comparative analysis; those include literature of ancient Indian history, philosophy of India, Sanskrit texts, interpretation works of oriental literature and texts, as well as other commentary works, which are found relevant to time and context.

INDIAN ETHOS LITERATURE

What is right is ethical and what is wrong is unethical. Issues of right or wrong are related to one's 'values'. Values constitute the foundations of one's character. Religious teachings have strong influences in the creation of values and therefore in the determination of ethics. The Upanishads, the latter part of the Vedas, teach us ways of attaining the four goals *viz*, Dharma, Artha, Kama and Moksha. These contain the essence of vedantic ethics. The following concepts are discussed in detail keeping the objective in focus:

1. Management by consciousness
2. Virtues by Taittiriya Upanishad and value orientation
3. LIGHT of Indian ethos
4. Self-management techniques
5. Team spirit values and collective growth and welfare
6. Value-oriented holistic management

DISCUSSION

1) Management by consciousness: As per Indian ethos, management by consciousness leads to better transparent systems. When the soul takes control and connects to the other four components of the human being, namely the body, mind, intellect and the heart, the conflict among these four can be resolved (http://www.sgbau.ac.in. http://www.sgbau.ac.in/indian-ethos&values.pdf). This is termed as 'management by consciousness'. The objective of self-management is to first understand and manage oneself and then comprehend and manage others. For rational and enduring decisions, a calm and peaceful mind is a necessity. A perfect Mounum (tranquil mind) is necessary. Meditative silence is the most reliable method to discover solutions to problems, which are apparently too arduous to be tackled by reason and intellect. Through this medium, one can encounter the inner mind or higher consciousness called Chetana. 'Satyam vada dharmam chara: tell the truth, practice the dharma; Satyaan na pramadithavyam: never deviate from the path of truth; Dharmaan na pramadithavyam: never deviate from the dharmic pathway'.

2) Virtues by Taittiriya Upanishad and value orientation: The Taittiriya Upanishad is the most hortatory of all the Upanishads. Its tone is didactic, and it lists a number of virtues to be observed. To respect the law, to tell the truth, to practice penance, self-control and tranquility, to practice humanism and to procreate to multiply the race are the important virtues (Paramahamsa 2007). These virtues will help for better transparency in ethical accounting of modern corporates. Value orientation through such things must be a programme-based activity with constant follow-up and motivation through management and support. Employees must strive for internal development rather than only specialising in skill and proficiency. They should sharpen their minds and intellect. A pure heart and mind would influence and sustain enduring values as a basis for improved effectiveness in the organisation. 'Sathyena pantha vithatho deva yaana: truth is the only pathway to glory; Thyagenaike amruthathwa maanasu: only through relinquishing /thyaagam, manager can attain happiness and immortality'.

3) LIGHT of Indian ethos: The Rig Veda provides us with a beautiful quote: 'Let noble thoughts come to us from all directions'. Let the 'LIGHT' of Indian ethos spread in all directions. This could be considered the essence of corporate Veda. They also represent five fundamental forces, namely the forces of love, integrity, goodness, harmony and truth. They comprise the force field of LIGHT. This was best explained by Sri Ramakrishna. "The world is water and the mind milk. If you pour milk into water they become one; you cannot find the pure milk any more. But turn the milk into curd and churn it into butter. Then, when that butter is placed in water, it will float. So, practice spiritual discipline in solitude and obtain the butter of knowledge and love. Even if you keep that butter in the water of the world the two will not mix. The butter will float (http://www.messagefrommasters.com/Life_of_Masters/Ramakrishna/worldlyduties.htm)". Transparency can be achieved by (1) improving rules and regulations governing disclosure; (2) putting in place accounting practices to enforce quality and (3) designing safety nets to limit moral hazard.

4) Self-management techniques: The manager is first a man and then a manager. The manager should first learn to manage and control himself. Without self-management and control, how can he manage and control others? The first need is to understand and know himself. This is a course in the subjective system of management. Indian insights want the first system of subjective management and only then can management in objective terms be perceived and practiced. Indian Vedic principles teach us self-management techniques (http://heritagenews.in/index.php?option=com_content&view=article&id=438:vedic-management-principles-on-values-and-dharmic-world-order-and-peace&catid=44:special-publications&Itemid=133), *viz* (1) Brahmajnaana

prayaanam: Ayam aathmaa brahma: divinity in all living beings; (2) Dharma jnaana prayaanam: doing the karma without a hidden agenda but with dharmic values; (3) Karmajnaana prayaanam: Practicing karmayoga in life; (4) Chittasudhi: Mind purification; (5) Accepting the SELF and the outer world as it is; (6) Creating appropriate mental attitude and (7) Practicing detachment for self-control.

5) Team spirit values and collective growth and welfare: Saha naa vavatu: let us exist together; Saha now bhunaktu: let us share the result (food) of the work together; Saha veeryam karavaavahai: let us work together; Thejaswinaa vadheethamastu: let us all get enlightened; Maa vidwishaa vahai: let us not have hatred towards anybody. Values should be the integral part of any organisation. Value orientation through such things must be a programme-based activity with constant follow-up and motivation through management and support. Employees must strive for internal development rather than only specialising in skill and proficiency. They should sharpen their minds and intellect. A pure heart and mind would influence and sustain enduring values as a basis for improved effectiveness in the organisation. The six qualifications for a manager: Uddhyamam saahasam dhairyam bhuddhi sakti paraakramam shadethey yathra varthanthey daivam thathra prakaasayeth: where the six qualifications of entrepreneurship, facing any challenge, courage, wisdom, power, capacity to thrash out obstacles exist, the blessings of the divine power will automatically be there (http://heritagenews.in/index.php?option=com_content&view=article&id=438:vedic-management-principles-on-values-and-dharmic-world-order-and-peace&catid=44:special-publications&Itemid=133).

6) Value-oriented holistic management: Holistic approach in management is based on spiritual principles of unity. Oneness, non-dual or Advaita concept. Under this principle of unity, the universe is an undivided whole where every particle is connected to every other particle (http://govindam.org. http://govindam.org/knowledge-pool-detail.php?blogid=MzU=). The Divine interpenetrates this Jagat like pearls on a string. Hence, the entire humanity is ONE. Aapyaayanthu mamaangaani vaak praana chakshu srothra balamindriayaani cha sarvaani: For undertaking all the missions let our manager's words, soul, eyes, ears, functional organs become strong. Top management strongly believes in value-oriented holistic management. Revenue is generated through service and satisfaction of all stakeholders — employees, customers, shareholders and citizens. Fulfilment of social responsibility must be consistently ensured. Ethical accounting regulatory audit can support improving the standards of behaviour and more effective business practices. Corruption requires a multifaceted attack. It requires, for example, a set of regulations against corrupt practices, a code of conduct for employees and vendors, awareness-raising campaigns, training of staff, internal controls, sanctions and incentives, protection of whistleblowers and an open approach towards information reporting. Audit is only one such mechanism. Auditors can succeed only if the enabling environment exists for fighting corruption. Effective corruption control requires commitment and involvement of all agencies, employees, customers, external service providers, i.e., in brief, all citizens of the society. Unambiguous policies, rules and regulations, reward systems, etc., are facilitative in establishing work ethics.

CONCLUSIONS AND WAY FORWARD

Researchers can find a treasure of Indian ethos relevant to the ethical accounting concept. More research as to exploring the ancient concepts in Sanskrit and linking the same to the current concept terminology is a real challenge, but with bit knowledge of Sanskrit is very well possible. An empirical research as to the application of Indian ethos to current management ethical issues is recommended for further research. Relating concepts to ethical accounting regulations views, expressed in this write-up are entirely of the author and no claim is made regarding their validity in the context in which this has been written. The authors have taken the liberty in expressing the contents of the sources, which they have referred to in their own style and in the process may have altered the original views and underlying themes to a certain extent.

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