

A Study of Evaluation of Professional Practices and Ethical Systems Adopted by Chartered Accountant in Pune Region

¹Abbas Adil Ibrahim & ²Dr. Arun Hari Gaikwad

¹Research Scholar, DCRC, Savitribai Phule Pune University, Pune (India)

²Professor & Head, S. N. Arts, D. J. M. Commerce & B. N. S Science College, Sangamner, Ahmednagar (India)

ARTICLE DETAILS

Article History

Published Online: 12 June 2019

Keywords

Need of the study, Objective and Research Methodology, Analysis and Interpretations., Legal aspects of chartered accountant in India.

*Corresponding Author

Email: abbasdrc@gmail.com

ABSTRACT

Ethics scrutiny reflected on the performance of the Auditors and their activities, they will conform to ethical parameters before showing any reaction during the audit mission, ethics is applied to individual ethical standards in different business situations, and that only through the commitment of its members to high levels of performance and commitment to ethical conduct, and therefore the auditor to obtain confidence of users of financial statements services rendered including audit service.

On this basis we have studied and evaluated the professional practices that the members of the chartered accountants are committed to and the ethical conduct of the profession, because society needs this behavior as the beneficiary of professional services, and that the profession itself is in constant need to establish and maintain its reputation among other professions.

1. Introduction

In different professional services like chartered accounting ethics adaptation is plays a major role for success. Ethics is derived from the Greek word 'ethos' which means a person's fundamental orientation toward life. Ethics refers to the moral standards used to govern behavior and to determine right or wrong, good or bad. Ethical behavior is the acts consistent with the moral standards or codes of conduct established by society. Ethical standards may change over time and differ from culture to culture. For example, political bribes or payoffs may be acceptable in one culture but not in another. Ethical issues are inevitable in business. India has been known as the leader in the area of ethics, values and so on for the rest of world since time immemorial. Over a period of time our own countrymen have gone away from the area of ethics, though gradually. Recently there is a rapid fall in ethics throughout the country, which again necessitates thinking over the meaning, need/significance and its practice.

2. Review Literature

An extensive survey is offering of the research literature on the form of research articles published in journals, magazines, conferences, books, references, and case studies has been to provide an overview of the various aspects and issues of this study through a review of these studies.

Hooghiemstra and Van (2009): This study aimed to identify some of the ethical problems faced by supervisors in companies this study was conducted on (2,500) major companies in the Netherlands, the study relied on the analytical method through a questionnaire to monitor the views of researchers on various ethical issues and then analyze the data results obtained from the field. The study concluded that the growing importance of ethical issues in a serious corporate governance issues and then can put non-executives of managers in trouble when not share his point of view not by members of the supervisory board and not by the Board of Directors.

Ardelean, A (2013) : This study aimed to determine the effect of the ethics of Auditors on trust granted for the auditing profession by the community it has been the use of structural analysis to learn to examine and ensure that the ethics of Auditors exposed to the risk of conflicts of interest which affects the confidence granted by the society of Auditors.

The study found the success of Auditors in maintaining trust with the fait accompli and that stuck Auditors ethics reflected positively on the community's trust. The study also found that the more communication between auditors and regulatory and supervisory authorities has increased in the state whenever a positive impact on the community's trust.

AO Enofe (2015) The overall objective of the study is to study the impact of ethics on accounting practices in Nigeria. The research design of the study was widely used on the initial data collected. The study community was selected from accountants, auditors and management of selected companies. A sample of (147) participants was used. A Likert scale questionnaire was used as a search tool and a square box was used as a data analysis method.

The recommendation is that there is a need for ethical standards in accounting practice that go beyond mere documentation and reference to the effective enforcement of these standards and the concerted efforts of all stakeholders accounting professionals and senior management of companies, regulatory bodies, government and even all users of accounting services is essential to ensure sustenance from a moral Accounting practice.

3. The Need of the study

- 1- The purpose of the study is to examine the compliance of statutory accountants with professional practices and ethical systems.
- 2 -Study ways that encourage them Commitment to professional conduct to be through the provision of

some the recommendations and suggestions to raise this behavior between the actual performance of the auditors and hand the public's expectations on the other hand.

4. Scope of the study

The scope of the study is limited to evaluation of professional practice and ethical systems adopted by chartered accountants in pune region.

5. Objective and Research Methodology

- 1- To study the concept of regulatory framework regarding professional practice and ethical system of chartered Accountant.
- 2- To examine the emerging need for professional practices and ethical systems in accounting protocols.

- 3- To identify the parameters of professional ethics related with accounting profession.

The researcher conducted this study through intensive study of literature, identifying the area of the problem, the formulation of hypotheses and the objective of research based on a specific problem, and finally the hypothesis test with the help of statistical analysis tools such as regression analysis, correlation, deviation The researcher also collected information from books and the Internet, Previously conducted in the field of research by former researchers. The information and data collected are analyzed with the help of, similarly, techniques and other statistical tools are also used for Purpose of data processing and hypothesis testing.

6. Method of date collection and statistical analysis tools.

Table No 1 Method of date collection and statistical analysis tools.

| Level of decision | Choice |
|------------------------------------|--|
| Method of date collection | - (Primary Data) Questionnaires and interviews - (Secondary Data) Documentation analysis |
| Statistical analysis tools. | - Statistical Package for Social Science (SPSS) - Descriptive (Frequencies, Mean, Standard Deviation) - One sample T test / Independent 'T' Test. - One Way ANOVA Test - Least significant difference (LSD). |

7. Analysis and Interpretations

The first step in this study is to know the general perception of chartered Accountant in the Pune region and to see the percentage of people who recognize the importance of professional practices and systems for their ethical and

practical importance. The majority of respondents (about 380 CA) of the random sample selected 400 in the Pune region are aware of this importance.

- 1- There is significant impact of Social awareness of Chartered Accountants on ethics and professional behavior in the Pune region.

Table 2 : Distribution of the results of the sample of the study according to respondents' answers

| No | Factors | Impact | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree | Total |
|----|---|--------|-------------------|----------|---------|-------|----------------|------------|
| 1 | Certified Chartered Accountants must understand the client's feelings, needs and concerns. | | - | - | - | 282 | 98 | 380 |
| 2 | Chartered Accountants have the ability to understand the policy within the organization and how they affect people working in them. | | - | - | 36 | 278 | 66 | 380 |
| 3 | Certified Chartered Accountants have the ability to understand and meet the needs of customers and the company. | | - | - | - | 321 | 59 | 380 |
| 4 | You must enjoy the Chartered Accountants of trust, responsibility and integrity in the adequate performance of their duties, forcing them to adhere to professional ethics and conduct. | | - | - | 40 | 256 | 84 | 380 |
| 5 | Constitute the control of their Chartered Accountants and legal incentive for them to comply with professional ethics and codes of conduct. | | - | - | 60 | 236 | 84 | 380 |
| 6 | It believes in the belief of Chartered Accountants reward and punishment by encouraging ethical and professional behavior. | | - | - | 40 | 193 | 147 | 380 |

Source: Field Survey

Table No3 T-Test Result for this Hypothesis

| Dimension | Mean | St. Deviation | T Test | Sig |
|--|------|---------------|--------|------|
| There is significant impact of Social awareness of Chartered Accountants on ethics and professional behavior in the Pune region. | 4.16 | 0.29 | 78.52 | 0.00 |

The overall arithmetic mean of the views of respondents It is clear from the statistical results that the approval rate degree of the respondents very high with the arithmetic means 4.16 and the standard deviation is 0.29, which indicates that there is consistency in the answers of members of the sample because the arithmetic mean is very high and the standard deviation is somewhat far from (1). This indicates agree of approval rate of the sample and the importance of these paragraphs. The trends of arithmetic means for all the paragraphs of the table are very high, even

higher than the average measurement tool 3 adopted in the study, suggesting that the answers of members of the samples are positive and very high for the paragraphs contained in the table.

- 2- There is significant impact for Laws and regulations regulating the profession of Chartered Accountants affect the degree of their compliance with professional rules of conduct.

Table 4 : Distribution of the results of the sample of the study according to respondents' answers

| No | Factors | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree | Total |
|----|--|-------------------|----------|---------|-------|----------------|------------|
| 1 | The terms of the business license included in the Indian CPA Act ensure that Chartered Accountants have sufficient knowledge of the fundamentals of professional ethics. | - | 11 | 12 | 272 | 85 | 380 |
| 2 | Disciplinary sanctions in the Code of Practice of Chartered Accountants contribute to the payment of auditors to further compliance with professional practice laws and regulations. | - | - | - | 305 | 75 | 380 |
| 3 | Disciplinary measures and penalties in the law adopted for the profession of Chartered Accountants ensure that auditors are urged to comply with professional codes of conduct. | - | - | 26 | 268 | 86 | 380 |
| 4 | The rights and obligations of the applicable profession of accountant's law affect the extent to which auditors comply with professional ethics and codes of conduct. | - | - | 18 | 243 | 119 | 380 |
| 5 | Conditions for the granting of a license to practice in the audit profession law in force permit auditors to comply with the Code of Professional Conduct. | - | - | 40 | 203 | 137 | 380 |

Table No 5 T-Test Result for this Hypothesis

| Dimension | Mean | St. Deviation | T Test | Sig |
|--|------|---------------|--------|------|
| There is significant impact for Laws and regulations regulating the profession of Chartered Accountants affect the degree of their compliance with professional rules of conduct. | 4.20 | 0.29 | 80.24 | 0.00 |

Source: Field Survey

It is clear from the statistical results showed in table that the approval rate degree of the respondents very high with the arithmetic the overall arithmetic mean of all the paragraphs in the table is 4.20 and the standard deviation is 0.29, which indicates that there is consistency in the answers of members of the sample because the arithmetic mean is very high and the standard deviation is somewhat far from (1). This indicates agree of approval rate of the sample and the importance of these paragraphs. The trends of arithmetic means for all the paragraphs of the table are very high, even higher than the average measurement tool 3 adopted in the study, suggesting that the answers of members of the samples are positive and very high for the paragraphs contained in the table.

8. Legal aspects of chartered accountant in India

In India, accounting practices merit more due to their complexity and innovations. Fine art of accounting was present in India even in the Vedic times. The paradigm shift in the economic environment in India during last few years has been increasing attention being devoted to accounting standards as a means towards ensuring potent and

transparent financial reporting by corporate. Further, cross-border rising of huge amounts of capital has also generated considerable interest in the generally accepted accounting principles in advanced countries such as USA. Recent initiatives taken by International Organization Securities Commission (IOSCO) towards propagating International Financial Reporting Standards (IFRSs) International Accounting Standards (IASs), issued by the International Accounting Standards Committee, as the uniform language of business to protect the interests of international investors have brought into focus the IFRSs/IASs. The Institute of Chartered Accountants of India, being the premier accounting body in the country, took upon itself the leadership role by establishing Accounting Standards Board, more than thirty years back, to fall in line with the international and national expectations. Today, accounting standards issued by the Institute have come a long way.

9. Conclusions

This study sought to identify the extent to which Chartered accountants comply with the rules of professional conduct and professional ethics issued by the Institute of

Chartered Accountants in India and the disclosure of the means that encourage them to adhere to these professional ethics, from the point of view of the study sample. The subject

of the study and through the conduct of his field study arrived at the theoretical and scientific conclusions and recommendations to be addressed.

References

1. Hooghiemstra, R. and van Manen, J. (2009). Supervisory Directors and Ethical Dilemmas: Exit or Voice? *European Management Journal*, Vol. 20, Issue 1, February 2009, 9 P: 1-9.
2. Ardelean, A. (2013). Auditors' Ethics and their Impact on Public Trust. *Procedia Social and Behavioral Sciences*, Vol. 92: 55-60.
3. CO Mgbame, OI Ukpebor (2015) Determinant of ethical standards in Nigeria business environment, Department of Accounting, Faculty of Management Science, University of Benin, *International Journal of Multidisciplinary Research and Development*, Volume 2; Issue 11; November 2015; Page No. 301-305.
4. AO Enofe (2015) Ethics and Accounting Practice in Nigeria , Department of Accounting Faculty of Management Sciences University of Benin, P.M.B. 1154, Benin City, Edo State, Nigeria, *International Journal of Commerce and Management Research*, Volume 1; Issue 2; December 2015; Page No. 04-09.
5. www.icaai.org
6. www.ifac.org