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A Study of Ethical Accounting Practices in New Economy Companies of India

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Abstract: ***The stakeholders are the strength of an organization. In 21st century a big question arises about the ethics in new economy companies such asTMT (Telecom, Media & Technology and many more). The basic idea behind the new economy was that computer and internet totally change the ways of doing business. Ethics concern an individual's moral judgments about right or wrong. The new economy, is a technological revolution involving the information and communication like media and Telecom. Due to the rapid changes in the norms and development of technology, media and communication educators are advised to reevaluate the functioning of ethics and reasoning in this area. While the ethics of technology is analyzed across disciplines from science and technologies studies (STS), engineering, computer science less attention is paid the role that firms and managers play in the design, development and dissemination of technology across communities and within their firm. Research and innovation in emerging technologies can have great benefits but also raise ethical social concerns. This overview of possible problems can serve as an important sensitizing device to these issues. We describe how such awareness can contribute to the successful deployment of responsible practice in research and innovation. In this article we draw a "map" regarding the positive and negative ethical challenges raised by new economic companies.***

Keywords: New Economy, Accounting Ethics, Ethical Code

I. INTRODUCTION

Accounting ethics is among important topic because accountants are the key personal who can reach the information of three Financial Statements (the income statement, the balance sheet and the statement of cash flows). Accounting ethics is primarily a field of applied ethics and is part of business ethic and human ethics, which is the study of more values and judgments as they apply of accountancy. Issues of moral guidelines and ethics applied for the conducting of roles and content of the media. It involves various steps such as s impartiality, objectivity, balance, bias, privacy, and the interest of public. For an institutional level it develops debates over ownership of media and their control, commercialization, accountability and the relation of the media to the political system. Indian Telecom sector also is one of the fastest growing in the world. The telecommunication sector plays a vital role in today's social, cultural and economic life, generating 5.65% of global GDP. Over the past 20years, the number of subscriptions globally open up new opportunities of this interconnected ecosystem in global information sharing. It is often believed that technology itself is incapable of possessing moral or ethical qualities, since "technology" is merely tool making. Another view is that each piece of technology is empowered with and radiating ethical commitments all the time, given to it by those that made it, and those that decided how it must be made and to be used.

Humans cannot be departed from this technologies because it is an important part of consciousness and meaning in life therefore, required an ethical model for practices. The ethical considerations for technologies do not just binding the creator and producer but the users questions should be answered such as their beliefs in correspondence with this technology and whether governments allow, react to changes.

There are many types' ethics in new economy companies such as:

1) *Access Rights:* Access to empowering technology as a right direction.
2) *Accountability:* Who is responsible for success and harm in their advancements?
3) *Digital Rights:* respecting intellectual property rights and privacy of people.
4) *Environment:* Eco-friendly policy should be adopted.
5) *Health & Safety:* This risk are increased and imposed by technological advancements.
6) *Precaution Principle:* Who will decide for the development of new technology which is safe for the world or not?
7) *Privacy:* Privacy should not be hampered.
8) *Security:* Is due diligence required to protect information security?
9) *Transparency:* Clearly explaining how a technology works and what are its intentions.

For the analysis purpose we have taken only 3 sector, i.e., TMT (Telecom, Media & Technology)

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II. LITERATURE REVIEW

A. MukelKaptein (2000) Business ethics have been shown quite a lot of interest in Italy. In general, the term ethics has a positive connotation, but its substantiations is often caught up in abstract terms, high and might ideals. Moreover, ethical judgments are usually related to individual's decisions or officials.

B. Brinkmann (2002) Defines ethics as the discipline in which matter of right and wrong, virtue and vice are methodically identified. As per him Ethics focus at human behavior, moral principles and the attempt to distinguish well from bad. When trying to identify common issues being dealt with within the business environment, professional bodies' and ethical codes are the right platform to check it.

C. Smith and Smith (2003) Ethical values provide the inspiration on which a civilized society exists. Nowadays, ethical standards act as a compass that direct and monitor the actions of business environments so that the best true and fair practices can be achieved.

D. Singh and Singh (2012) Have evaluated the significance of ethical values in the business environment. An attempt was made by them to list out various components of business ethics so that a comprehensive understanding of the same could be made properly. Their list has included such attributes as honesty, integrity, responsibility, quality, trust, leadership, corporate citizenship, social ethics, moral codes, employee's satisfaction and sustainable business model etc.

E. Diaz et.al. (2013) Have discussedthe types of conflicts of interests and ethical dilemmas faced by financial professionals while discharging their duties. They evaluatedthe difference between legal and ethical behavior of employees. The study has raised the question on the issue of methodology adoptedwhile taking ethical decisions in a complex organizational setting.

III. OBJECTIVE OF THE STUDY

A. To visualize a conceptual framework about Ethical code and practices followed by TMT companies.

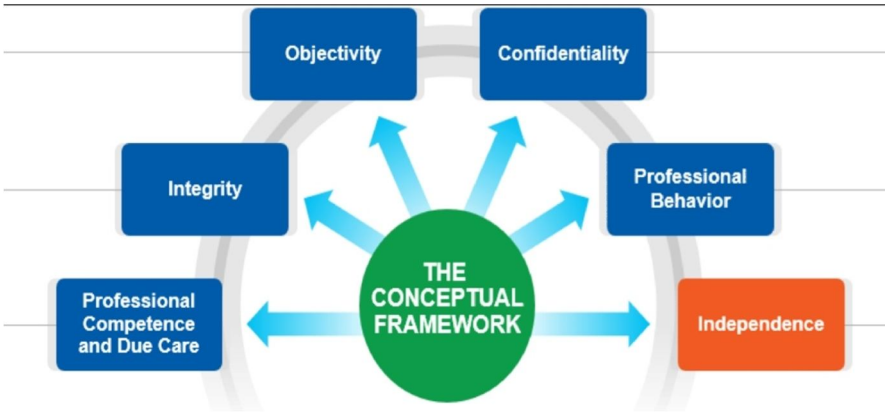
B. To analyze both the positive and challenges of ethical practices.

C. To make some fruitful suggestions for improving the ethical performance of the new economic companies.

IV. RESEARCH METHODOLOGY

The paper is purely conceptual and descriptive in nature. We have been collected the data from different research papers, journals, articles related to behaviourial finance from internet. Various other related books which are available in physical format are also considered for the development of this paper.

A. Conceptual Framework Of Business Ethics



Most of the new economy company follow the proper ethical framework for their stability and sustainability in the market. About the above these graph is not only a framework of the ethical principles, but also about the level of freedom for successively practice of ethical codes. The image of a Companywill be reduced due to the absence of proper ethical framework &principles externally to the society as well as to the inside of the employees. The results can be:

1) Loss of customer's beliefs, which leads to a lower profits.

2) Disrupting the relationship with suppliers, which is reflected in the quality of the goods.

3) Reducing the work ethic of employees, leading equally to decreasing quality and and team spirit among the employees.

4) More problems while acquiring a new talents for the organization.

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B. Positive Impacts Of Ethics On New Economy Companies

1) *Empower Professional Environment:* An accounting code of ethics that is enforced at the company can ensure that individuals working with financial information in the highest ethical manner as much as possible. Companies may be reviewed their code of ethics with potential employees to ensure that no misrepresentations are given regarding the expected ethical manner of employees during their daily functions.
2) *Increased Reputation:* By adopting code of ethics they can discover that they have a more positive reputation in the business environment than companies without a code of ethical conduct. Clients, consumers and other businesses tend to have a positive opinion of companies who act ethically and maintain a high level of professionalism when conducting operations. Favorable reputations may allow companies to increase their market share and earn higher profits founded on positive consumer good will.
3) *Promotes Discipline:* A code of ethics can allow companies to develop disciplinary practices for employees who violate the ethical standards when conducting various functions. Managers may reiterate the specific expectations the employee must adhere to when working for the companies.
4) *Decreased Legal Liability:* As seen in the accounting scandals of 2001, individual accountants were convicted of attempting to destroy unfavorable or inappropriate reports and communications with clients regarding accounting situations. These employees increased the legal liability of their company; the actions of a few employees severely impacted the lives and reputations of thousands of other accountants.

C. Challenges, While Adopting The Ethial Norms In New Economy

1) *Fraud:* Companies with poor ethical standards may conduct fraudulent activities, such as overbilling clients or delaying vendor payments. Most fraud cases involve hiding cash for internal purposes. In media industry they can debarred from the true facts because of political pressure.
2) *Embezzlement:* Technological companies may embezzle from their employers when given too much responsibility and little oversight. These situations give accountants more control than necessary and the ability to mislead their employers on financial information.
3) *False Information:* Media industries who have the ability to manipulate financial transactions into positive company results.
4) *Tax Evasion:* Some accountants create illegal tax shelters to hide company income. Companies use these shelters to avoid paying government income tax.
5) *Personal Loss:* Poor accounting ethics can cause great personal damage in addition to business problems. Accountants found guilty of manipulating financial information are sent to jail, creating difficult situations for the accountant's family members.

V. FINDINGS

From the Radia tapes in 2010 to the Essar lequs, Indian journalism has been creating under the burden of unethical practices. Indian gargantuan news market has 82,222 newspaper, Delhi one has 17 English dailies in circulation. It has close to 800 television news Channels and industry that has almost trebled between 2009 and 2017added to that are 124 million broadband internet connections and 1500 state owned, privately owned.

There are four unethical practices in India.

1) *Paid News:* Sometimes journalist found lucrative to write only partially true stores of various companies and political parties.
2) *Blatant Blackmail:* In 2012 a senior editors of the television channel Zee news was arrested for unlawfully demanding Rs.100 crore from Jindal power and Steel Ltd.
3) *Widening legal Regulatory Gap:* In April 2003, a photojournalist tipped the council off on the practice of advertisements being published as news for a fee.
4) *Prediction of Audience Reach and Readership:* The EJN report cites the example of the Indian readership survey of 2013,whch claims that the readership of English newspaper tell by whopping 20% without attribute any reasons to the fault.
5) *Major part* of the Wireless Subscribers (57%) from urban regions, while 40% of subscribers from the rural area.
6) *Youth in India* and the growing disposable income are the key drivers for the growth of the sector.
7) *In March 2013*, Ericsson filed a patent infringement suit against Micromax, clamming Rs.100 crore in damages.it is happened due to unethical practices of patent.

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8) *Call Drops:* Concerns over the implementation of telecom regulator Trai's new rules regarding the compensation to consumers for call drops.
9) *Phishing:* Sometimes the user may be asked to provide personal information, such as account username and passwords that can further expose them to future compromises. Additionally, these fraudulent websites may certain malicious code.
10) *Scam:* The 2G spectrum scam was the biggest unethical practices of telecom industry.
11) *Transparency:* Some companies are going through the high transparent about both the good and bad things happens in the company. It's the biggest challenges as well as an opportunity for them.
12) *CSR Activities:* IBN has a program named as "Celebration of Service" which encourages their employees to go out and volunteer at least eight hours of service for any case that they wish to support. Most of the companies are hesitate to spend their incomes upon bottom line of planet that is people.

VI. SUGGESTIONS

1) *Focus On The Crime, Not Just On The Individuals:* Whether it was the Delhi gang rape in 2013, the media usually focuses all its energies in blaming a single rape and assault story. So it is better to focus on the crime not upon individuals.
2) *Focuses On Class Bias:* Most of the time, the Indian media covers gender violence through the lens of class crimes committed by and against the middle and upper class in unknown settings get reported more often and in greater detail through those involving poor, rural, tribal and lower caste people. Media also improve its attention towards the direction regarding the improvement of class inequality.
3) *Avoid Violation of Privacy & Identity:* Under Indian law (Sec 228A) photo circulation and viral of identity of a rape survivor is prohibited. It includes name, details of residence, employment, education and particulars of family. It is highly essential for the better and safe future. Let the survivors and their families decide if they want to be interviewed or not.
4) *Mind the Vocabulary When Reporting Sexual Violence:* Languages can uplift or impair and in the case of reporting on a sensitive issues like gender violence can cause serious long lasting damages if used carefully. It's highly essentialfor reporters to follow the ethics and morality while reporting a sensitive news.

a) All telecom company should try to provide affordable services and handsets were provided to all.
b) Fake documentation should be debarred.
c) Remove the system of post retirement appointment of former TRAI officers.
d) Governments can tap the satellite calls of terrorists, but unable to tap the fraud calls.
e) Develop a Code, and ensure ethical practices as a strategic priority. A code requires to be supported by a focus on ethical performance in wider decision making.
f) Set the tone from the top: Senior team members should follow the organizations ethical values.
g) Engage, communicate and train your staff and a good, regular communication and consistent training will help to embed an ethical culture.
h) In order to check the suspected activities a company must adopt a Zero-tolerance approach.
i) For ensuring best practice, organizations need both to measure their ethical performance and to foster open discussion.

VII. CONCLUSION

Ethical practices are the fundamental principles that companies have to be chosen to abide by to increase their reputation, maintain public trust, and demonstrate honesty and fairness in their business. Accounting ethics is originally a field of applied ethics and is part of business ethics and human ethics, studying the moral values and judgments as they apply to accountability. Managers, and investors requisite to appraise a company's financial enactment.

In fact, the ethical accounting is to help investors to make abetter business resolutions by providing them with financial information. Many negative significances can result from poor ethics. The success of an organization is depend upon in the hands of customers. They are totally unaware about the unethical practices within the organization. A good concern always be aware of business ethics which is very much essential of economic growth.

By adopting a perfect corporate governance in an organization then their will be maximum utilization of available men, material and money. It's only the ethics that helps to achieve the goodwill by a concern.

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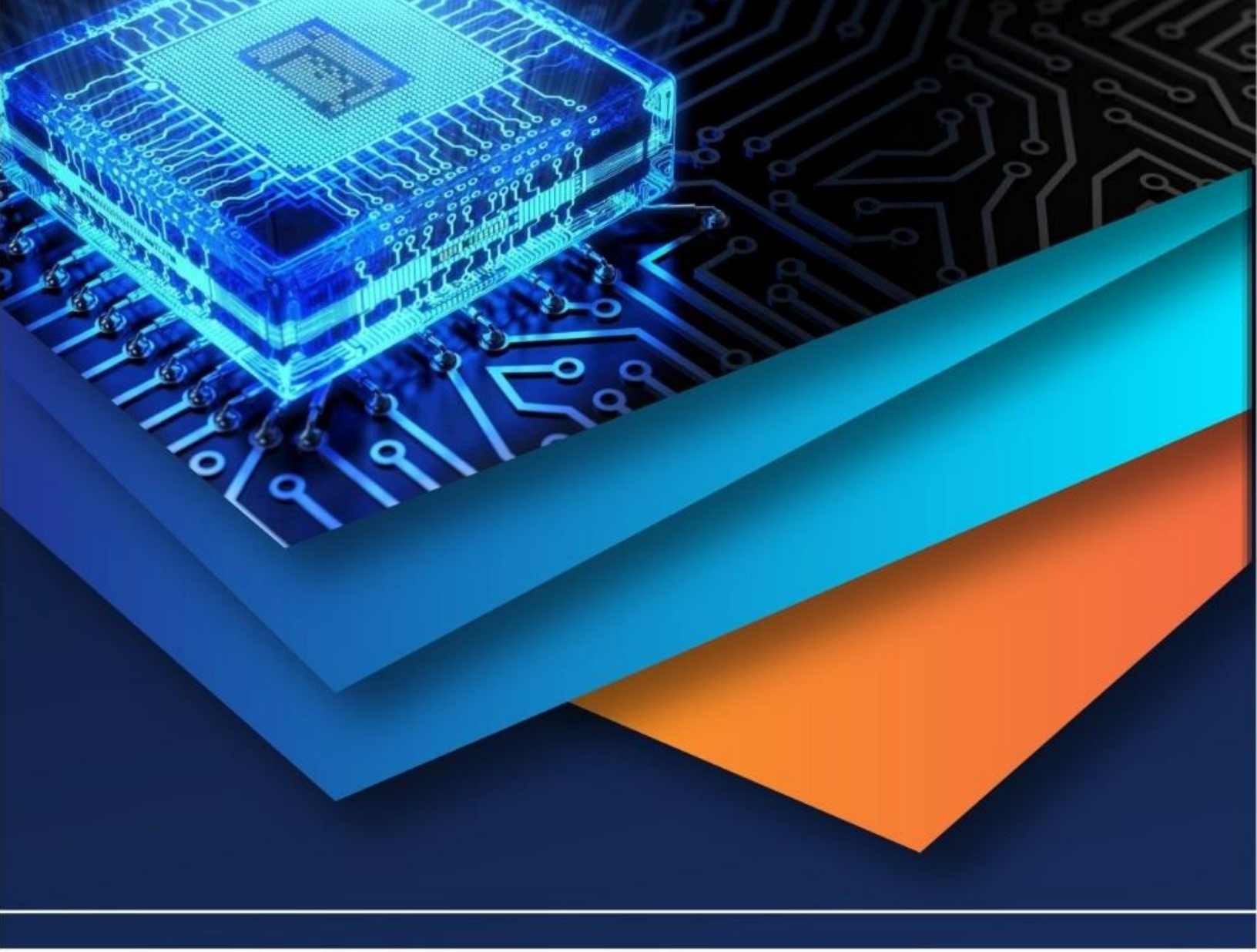

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