# Integrating Dharmic Principles into accounting ethics for Sustainable Business Practices

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***Abstract***

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Ancient Indian philosophy is rooted in many valuable frameworks for managing ethics in accounting practices by applying the dharmic principles. The incorporation of these values such as Satya: truthfulness, Asteya: non-stealing, Aparigrha: non-greed, and the concept of karma, the accounting professionals can demonstrate being more transparent and can design a trustworthy financial environment. The concept of dharma itself refers to righteous living and moral duties, which can inspire accounting professionals to promote an ethical code of conduct over the short-term gains and personal interests. Application of these principles has the potential to enhance the quality in terms of financial reporting by promoting accuracy, completeness, and transparency in disclosure. The principles of karma inspire the professionals to consider the consequences of their decisions, and actions and their effects on various stakeholders and the broader economic ecosystem. Satya: truthfulness can be implemented to showcase the transparency in financial reporting., Asteya: non-stealing defines maintaining secrecy and Aparigrha: non-greed for comprehensive disclosures. The study explores how dharmic principles when applied in the accounting practices by accounting professionals can shape an ethical and sustainable business environment. Furthermore, it also defines how these principles can contribute towards maintaining the harmonious relationships between business and society for long-term sustainability.

**Key words:** Satya, Asetya, Aparigrha

## Introduction

Contemporary business ethics have always been connected with dharmic principles, originating from ancient Indian philosophical traditions. These principles are deeply rooted in our heritage providing a comprehensive framework for the ethical decision-making process. Concepts of dharma, karma, and ahimsa can serve as guiding principles for leaders to make ethical decisions. The concept of -'Dharma' is interpreted as a righteous duty. In context with business, it enables the leaders to transform themselves to analyze their societal role and responsibilities over profit-making.

'Karma' is defined as the principle of action and consequences, which promotes long-term decision-making and encourages leaders about their actions toward the long-term implications of decisions. It also creates a sense of accountability and ethics in leaders.

‘Ahimsa’ is a principle of non-violence extending beyond physical harm. It also refers to the avoidance of harmful thoughts, words, and deeds. This concept helps businesses to minimize negative impacts and contribute maximum positive environment.

The dharmic concept aligns all the above principles in the modern business world defining ethics and organizations are closely working with these principles to enhance their productivity, profitability, and long-term sustainability. It helps to create a holistic approach towards all the areas of concern in the organization. Furthermore, the concept of karma promotes accountability and an ethical code of conduct, ahimsa is implied with business practices and dharma is their core duty to be adhered to. By incorporating these, the organization can build a good corporate culture and also engage in CSR activities for the local communities.

In the global economy, sustainable business practices are the key for any organization to be productive in the market. Organizations that concentrate and contribute towards sustainable practices are achieving the fruits of success in promoting environmental conservation and social welfare. The implementation of environmental aspects like waste reduction and resource optimization have enhanced their efficiency in holistic performance. These practices also catalyze innovation towards new product development aligning with consumer needs wants and demands. These practices have created the brand value of the organization, attracting more investors by fostering both organization's and stakeholders' needs. Hence, the integration of sustainable practices into core business has transformed them from being optional to essential for maintaining competitiveness and ensuring long-term viability on the global landscape.

**Literature review**

Accounting ethics is a subject in disguise and extensive research, and plays a critical role in maintaining the integrity of the financial system of an organization. Earlier literature reviews have explored the impact of culture on ethical practices and ethical decisions of accounting professionals. They have also examined the role of regulatory frameworks and codes of conduct relating to ethical practices. Further, the studies have also investigated the emerging technologies in accounting standards like crypto currency and block chain that have enabled an organization to adopt new practices in accounting. Despite the breadth of research contributes towards the vedic principles achieving sustainability, it needs further investigation on accounting practices when they apply the dharmic principles. The recent evolution of business practices and technology tends to be continuously defining the ethical challenges and adoption of frameworks in the accounting profession.

*Examination of dharmic principles*

There has been very limited research on the integration of dharmic principles in a business context, yet the interest is growing in this area of study. Some studies have explained how the concepts of Hindu, Jain, and Buddhist philosophies can inform the ethical decision-making processes in accounting practices and business sustainability. Key concepts like Satya, Asteya, and Aparigraha are key to integrating with accounting standards. The findings have suggested that concepts of dharmic principles will help to enhance transparency, reduce frauds and promote business success considering the society. However, further additional research is necessary to look into the applications of dharmic principles in diverse cultural settings of the organization.

**Research gap**

The integration of accounting practices and dharmic principles remains an unexplored area in current literature reviews. The existing research is based on the Western ethical frameworks in accounting, but not notably have examined the dharmic concepts that can enhance accounting practices and ethical decision-making. Few scholars have systematically addressed the contributions of religious ethical percepts relating to accounting challenges, fraud prevention, and social responsibility. Further, there is a lack of empirical research about the cultural backgrounds integrating the principles into professional codes of conduct. This gap bestows opportunities for comparative analyses of Eastern and Western ethical paradigms in accounting and also for investigating into practical implications of dharmic values for modern accounting environments.

**Objectives of the Study**

The following are the main objectives of the present study:

1) To examine how dharmic principles can influence to support business sustainability
2) To investigate how models of moral behavior can influence the code of conduct in accounting professionals
3) To study the link between dharmic principles and accounting ethics
4) To assess the alignment of the dharmic principles with accounting standards through models of moral behavior approach.

**Research Methodology**

This study requires a comprehensive multifaceted methodology, as there are only a few literature reviews in this context. The research methods ensure thorough explorations of the subject matter considering the dharmic principles which can aim to integrate into all the areas of the organization structure imparting sustainability. The study incorporates qualitative techniques along with the model-based approach. It employs the link of moral behavior models suggested by the theorists to accounting ethics, which ensures the depth of philosophical concepts and measures the impact on business practices. The main objective of the study is to identify the synergy and areas of integration of dharmic principles and accounting practices through this methodology. It aims to bridge the gap between traditional practices of accounting the modern ones. It combines academic research by proposing how models of moral behavior can create rationality in ethical decision-making in professionals. Furthermore, it considers the cultural contexts of the organizations and the ethical standards to ensure the balance between the investigation of accounting ethics and business sustainability.

Linking the models of moral behaviors integrating with dharmic principles as follows:

**1) 'James Rests four-component model'**

The four-component model was developed by James Rest in 1980. It explains the process of ethical decision-making consisting of four components namely moral judgment, moral motivation, moral sensitivity, and moral character.

'Moral Sensitivity' describes the ethical implications of a situation and how one's actions can create an impact on others.

'Moral Judgments' refer to the appropriate cause of action.

'Moral Motivation' defines how some personnel can prioritize moral values over personal values.

Lastly,
'Moral Character' is inclusive of fortitude and perseverance to execute ethical decisions.

Rest assumes that all four components should be present for ethical behavior to manifest situational behavior, and any deficiency in components may result in moral failure. The model has significant influence across all domains, which includes business ethics as well as professional ethics, and has created a framework to foster an ethical code of conduct in the organization.

**Application of the model**

The Rest four-component model can be a framework for understanding ethical decision-making in the organization. It can be integrated with dharmic principles to enhance business sustainability by aligning the components of Dharma, Karma, and Ahimsa. The dharmic principles about ethics Satya, Asteya, and Aparigraha can develop the awareness of ethical issues and decision-making through these components. This integration of components define the Rest model leading to more sustainable accounting practices and can consider long-term consequences, stakeholder well-being, and societal responsibility in the organizations.

**2) 'Trevino's Person-Situation Interactions Model'**

This model proposes the values for making ethical decisions are influenced by the interplay between individual traits and situational factors. Trevino posits that attributes of a person which include moral development, locus of control, and ego interact with situational factors at the workplace and shape ethical choices in decision-making. It emphasizes that traits or situational factors cannot fully contribute towards ethics, rather they bridge the gap between these two elements with dynamic interaction. As the traits of an individual are nurtured through the parenting which is inclusive of basic moral values connecting to one's own dharmic concepts. The perspective underscores the completeness of ethical values and considers, both individual & organizational factors to address professional environment.

Application of the model

The model proposes that individual traits and situational factors are the influencers for ethical decision-making in the organization. This model can be linked to the dharmic principles of accounting practices where the concepts of Satya, Asteya, and Aparigraha are based & illustrate the individual attribute towards the work environment. The integration of these two encourages practices to consider the financial implications of the organization in broader terms which can create an impact on stakeholders. When the model is combined with the dharmic principles, it can guide accounting professionals can enhance their ethical decision-making process & can be able to balance profit motives & promote sustainable practices for the greater good. The organizations already have created a work environment wherein each employee is working accordingly as per the norms. Nevertheless, the application of these integrated concepts may achieve more productivity by the employees in the organization.

**3) 'Haidt's Social Intuitionist Model'**

It posits that the predominant moral judgments are influenced by intuitions, and emotional processes rather than by reasoning processes. This model proposes that personnel generate a rapid moral evaluation based on instinct reactions to rationalize their initial responses. It also suggests that moral reasoning is a social factor in an individual that enables them to defend their position in ethical debate intuitions which are shaped by evolutionary factors as moral foundations which include loyalty, care, fairness, purity, etc. This approach challenges conventional rationalist perspectives on ethical decision-making, which credit the significance of a social and emotional process of moral judgments.

Application of the model

The model raises that the role of intuition & emotional responses are developed by cultural & evolutionary factors in any organization. The model interconnects the dharmic philosophies to make ethical decisions. This integration can lead to an approach of sustainability, wherein financial reporting & business practices are the grassroots of an organization. It focuses on moral intuitions which can be connected to the dharmic principles, of which the accounting professionals, through their intuitions, can help them to make complex ethical decisions and support them to be more productive.

#### 4) 'The Theory of Planned Behaviour (TPB)'

This model was developed by Icek Ajzen, which is recognized in social psychology and aims to predict and explain human behavior. It proposes that the individual intentions of a specific behavior are influenced by three factors: subjective norms, perceived behavioral control, and attitude toward the behavior. Subjective norms are concerned with social pressure to the refrain form of behavior, Behavioral control reflects the belief in their behavior and attitude is an individual evaluation of potential outcomes towards ethical decisions. It defines how these factors can shape the behavioral intentions toward actual behavior. It has been applied across own domains including consumer behavior, health psychology, and environmental studies to comprehend the influence decision-making process.

Application of the model

This model has a robust framework towards moral behavior in ethics and can be enhanced through the interpretation of dharmic principles to promote business practices. The components of TPB influence a primary factor of ethics in decision-making when it is applied to accountable practices and these can be implemented in the organizations as a process. It can incorporate the concepts of dharmic principles which can be aligned with subjective behavior, these integrations create a structured approach towards ethical decision-making in accounting standards. Hence, organizations can consider these models and concepts to upgrade the social well-being of individuals which can enhance their productivity.

## Discussion and Implications

### Interpretation of findings about existing literature

The analysis reveals a complex interplay between traditional ethical frameworks and Eastern philosophical concepts. The dharmic principles which are the origins of history have influenced the ethical decision-making process. The organizations have directly or indirectly adopted this principle through its culture showcasing, the core values, vision, and quality practices. However, due to less literature on these concepts, the core adoption of these principles should be made aware in the organizations for more sustainability.

The integration of these principles into practices benefits organizations with more profit-driven motives and meets broader societal concepts. The findings related to the model approaches encompass how this model has interrelations with the principles and can be linked in the organization for more good practices in accounting and gain business sustainability. However, some challenges may arise while place them into the practices with accounting professionals. Accounting professionals need to know the impact of traditional principles and also should gain knowledge of how these can benefit individuals and meet organizational goals.

## Conclusion

The research study explores and highlights the relevance of traditional philosophical concepts in the business ethics decision-making process. By examining various models of moral behaviors, the research demonstrates how these frameworks can be aligned with dharmic principles and create a comprehensive approach to ethical accounting practices. The findings suggest that with integration of dharmic principles into accounting ethics can lead to increased transparency, reduce fraud, and improve long-term sustainability. The integration of these principles with established models of behavior provides a perspective that bridges the Eastern and Western ethical paradigms in accounting. This approach has the potential to address current challenges in accounting ethics while promoting social responsibility. The research identifies the implementation of these principles within diverse cultural settings and organizational structures. Further empirical research is needed to fully understand the practical implications of integrating dharma values into modern accounting environments and professional codes of conduct.

In conclusion, this study contributes to filling the gap in the existing literature by exploring the synergy between dharma principles and accounting ethics. It provides a foundation for future research into comparative analyses of Eastern and Western ethical frameworks in accounting and offers insights into how organizations can enhance their ethical decision-making processes to achieve greater business sustainability.

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