

Ethics in accounting: Exploring the relevance of a Buddhist perspective

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Acknowledgements:

In helping to improve this paper, the comments received from anonymous reviewers and participants at the 12th Annual Ethics Research Symposium of the American Accounting Association, Chicago, August 4-5, 2007, are gratefully acknowledged.

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Abstract

A review of recent business ethics literature shows that there are attempts to broaden the discourse on ethics by drawing from various religious perspectives. The aim of this paper is to extend the relevance of religious perspectives on ethics by exploring Buddhist ethics and its implications for ethics in accounting. The paper expects to make several contributions. Firstly, it introduces an important body of knowledge into accounting ethics literature, which has the potential to enhance the dialogue on ethical issues in accounting affairs. Secondly, it encourages an appreciation of differences in the social and moral beliefs of different people. Given the global nature of modern business and accounting affairs, such an appreciation is critical for moving towards harmonious perspectives on ethics in business and accounting. Finally, by exploring Buddhist ethics, the paper offers intellectual and ethical arguments to challenge the relentless pursuit of growth by businesses and, more importantly, accounting's role in legitimising such pursuit.

The paper takes a closer look at some of the key issues relevant to a Buddhist perspective on ethics. These include the Buddhist moral principle, theories of actions, the social relevance of Buddhist ethics and the possibility of recognizing individual responsibility without contradicting the Buddhist not-self doctrine. This discussion shows that the noble eightfold path in Buddhism and, especially, its concept of morality or *sīla*, could prove useful for a discourse on accounting ethics. It is important to emphasize that *sīla* is an integral part of the highest goods and therefore it cannot be isolated from the Buddhist conception of good life. This holistic focus on the individual in Buddhist ethics is useful for a discourse on accounting ethics. For example, major corporate collapses (that also implicate accounting and its gate keeping role) show that there is no substitute for personal integrity, no matter how sophisticated the control systems are, for preventing such collapses.

Key words: Buddhism; Buddhist ethics; ethics in accounting; religious perspectives on ethics

INTRODUCTION

A definition of the term ethics given in the Webster's Dictionary reads "the philosophical analysis of human morality and conduct". A recent work describes ethics as follows:

"Ethics is that part of philosophy which is concerned with living well, being a good person, doing the right thing, getting along with other people, and wanting the right things in life" (Solomon, 2006, p. 3).

Thus, ethics involve the study of human morality and conduct which leads to answers to questions such as what is "the right thing" and what constitutes "a good person". Introducing his detailed work on the nature of Buddhist ethics, Damien Keown writes:

"In the face of the complexity of Buddhist metaphysics it is easy to lose sight of the fact that Buddhism is a response to what is fundamentally an ethical problem – the perennial problem of the best kind of life for [one] to lead" (Keown, 2001, p. 1).

As much as there is agreement that ethics involve finding answers to these common questions, there are significant differences amongst the answers. This is because there are numerous theories that define the meaning of 'right thing' and 'good person' in their own way. The Buddhist view on ethics is no exception. The highest good in Buddhism is *Nibbana* (Sanskrit – Nirvana) and the right thing is to strive towards the highest good. The Buddha also recommended the path to *Nibbana*, known as the noble eightfold path. The noble eightfold path contains clear guidance for one's conduct in affairs, be they spiritual, social, or business (or livelihood) so that one's conduct is in harmony with the noble eightfold path. Morality is an integral part of the path and the nature of the Buddhist ethics becomes clearer when one explores the requirements of the noble eightfold path.

Although an examination of recent literature shows that authors have drawn from different religious perspectives to broaden the conception of business

ethics, there is a clear absence of work addressing the relevance of Buddhist ethics to business and accounting. For example, a review of the contents of the *Journal of Business Ethics* (JBE) during the last decade (from 1997 to 2006) shows that many authors have based their work on a religious perspective. These studies have drawn from the perspectives on Christianity (Rodgers and Gago 2006; Ibrahim and Angelidis, 2005; Lam and Hung, 2005; Enderle, 1997), Catholicism (McGee, 2006; Marens, 2005; Bowes, 1998; McKenna, 1997), Judaism (Pava, 1998), and Islam (Rice, 2006; Beekun and Badawi, 2005; Saeed, et al., 2001; Naughton and Naughton, 2000; Rice, 1999). It is noteworthy that during the same period no study in JBE has attempted to articulate the relevance of Buddhism to business ethics. A similar examination of the work of an accounting journal, with a specific commitment to promoting inter-disciplinary research - Accounting, Auditing, and Accountability Journal (AAAJ) - also shows that no study on Buddhist views on ethics has been published during the last decade.

The absence of work addressing Buddhist ethics in business and accounting literature is significant for several reasons. Firstly, it leaves out an important body of knowledge that has the potential to enhance the dialogue on ethical issues in business and accounting affairs. This is important as there are claims that currently ethics discourse in accounting is severely impoverished. For example, Williams (2004, p 998) writes:

“... the discourse of accounting (the extant paradigms) in the houses of higher learning where accountants are being taught, have eradicated from its vocabulary any language capable of allowing us to discuss whether what happened with Andersen was behavior that might be construed as morally wrong”.

Secondly, the absence of a focus on Buddhist ethics is problematic, as there are millions of people around the world whose ethical views and responsible behavior are shaped by the teaching of the Buddha. For example, Buddhism is found in many parts of the world and there are about 376 million Buddhists in the world (www.adherents.com, 2005). The Buddhist views towards ethics

therefore must be explored so that these too represent and contribute to discussions on ethics in business and in accounting. Thirdly, given the global nature of modern business and accounting affairs, an appreciation of differences in the social and moral beliefs of different people is critical for moving towards harmonious perspectives on ethics. Finally, the Buddhist views on ethics provide much needed arguments to challenge the relentless pursuit of profit and growth by businesses and the role of accounting in legitimizing such pursuit. As pointed out eloquently by Joni Young, the corporate scandals which unfolded in the early 2000 show that such scandals are unavoidable unless we challenge the wisdom of limitless consumption and pursuit of material comfort at all costs (Young, 2005). A Buddhist perspective on ethics is useful to raise such challenges. For example, relentless pursuit of 'more growth, more profit, more consumption', from the perspective of Buddhist ethics is a result of both cognitive and non-cognitive errors in our conceptualization of good life.

The aim of this paper is to explore the relevance of a Buddhist perspective on ethics to the literature on accounting ethics. The specific purposes of the paper are threefold. It aims firstly to describe the conception of reality in Buddhism and secondly to discuss ethics in Buddhism. Lastly, it aims to provide a discussion on the relevance of Buddhist ethics to accounting. The remainder of the paper is organized into three parts. In the first part the Buddhist conception of reality is briefly discussed. This includes discussions on the nature of dependent arising phenomena, the law of *kamma* (Sanskrit – karma), and the Noble Eightfold Path that guides one from *samsāra* to *Nibbana*.. The nature of Buddhist ethics is discussed in part two. This begins with an identification of the Buddhist moral principle, theories of actions, and the issue of not-self doctrine and its implications on recognizing responsibility for individual actions. A brief discussion on the relevance of Buddhist ethics to accounting is provided in part three. Finally this essay ends with a summary and conclusion.

(I) BUDDHIST CONCEPTION OF REALITY

Dependent arising of phenomena

The *Pali* phrase *yathābhūtam* which is translated as *see things as they really are* (Jayatilleke, 2000) perhaps sums up the Buddha's approach to comprehending reality. According to the Buddha the universe and everything it entails are impermanent and continuously changing from one form to another. That is, our existence in the universe is this transformation itself, not something that is permanent. Explaining this Rahula (1978, p. 26) writes:

“There is no unmoving mover behind the movement. It is only movement. It is not correct to say that life is moving, but life is movement itself. Life and movement are not two different things. In other words, there is no thinker behind the thought”.

The unique thing about this transformation or movement is that it involves a process, which is known as the process of *dependent arising* (or *dependent origination*). This process is known in various terms, for example, the Conditioned Genesis (*Patticca-samuppāda*), conditional existence, and dependent origination. Referring to the Conditioned Genesis, Rahula (1978, p. 53) writes:

“The principle of this doctrine is given in a short formula of four lines:

When this is, that is
This arising, that arises
When this is not, that is not
This ceasing, that ceases”

According to the Buddha, though everything is impermanent and changing, this transformation is driven by a process and not by an Omnipotent, Omniscience Being or God. And, the changes a person undergoes do not start with one's birth nor do these end with one's death.

The Law of *Kamma*

The conditional existence or dependent origination process of *life* is not random but orderly. This is because *kamma* governs the process of one entering or being born into different realms of life. Though *kamma* is not

entirely deterministic, no one has the power to change the law of *kamma*. Loosely speaking, *kamma* can be described as morally good actions leading to good outcomes and vice versa. Just like a law of physics it is not administered by anyone; *kamma* is self-governing. Therefore the operation of this process is likened to the operation of the law of gravity (e.g., Gowans, 2003, p. 105). The *Pali* word *kamma* means action (Gowans, 2003; Rahula, 1978). According to the Buddha, *kamma* is concerned with only volitional actions. As Rahula (1978, p. 32) puts it:

“... the Pali word *kamma* or the Sanskrit word *karma* ... literally means action, doing. But in the Buddhist theory of karma it has a specific meaning: it means only ‘volitional action’, not all action. Nor does it mean the result of karma as many people wrongly and loosely use it.”

Accordingly this leaves out many actions that can be considered automatic or unintentional. The idea is that volitional actions can be wholesome (*kusala*), unwholesome (*akusala*), or mixed. The consequences of these actions too can be wholesome, unwholesome, or mixed. It is the volition (*cetanā*) that is important in determining the wholesome or unwholesome nature of one’s actions. In so far as volitional acts are concerned, *kamma* is a universal law, operating like a natural law, by itself, without an operator divine or otherwise. Like any natural law, it applies in the same way to everyone and does not discriminate on the basis of power, social status, or caste.

“The *Assalāyana Sutta* points out that a priest, a nobleman, a merchant or worker are subject to karmic recompense equally irrespective of their status” (Jayatilleke, 2000, p. 38; see *Majjhima Nikāya*, Ñānamoli and Bodhi, 2001, pp. 763-770).

Given that it is a universal law, it is incorrect to view *kamma* as a system of reward and punishment implying that a superior Being or God is giving out rewards or punishments. Gowans (2003, p. 105) describes *kamma* as follows:

“... *kamma* is a central instance of dependent origination: it is understood as a law of nature, similar to the principle of gravity, that dictates the causal effects produced by morally good and bad actions. Sometimes the moral quality of an action is compared to a seed that will naturally grow in a happy or unhappy direction. *Kamma* is not administered by an agent such as God. It is an impersonal feature of the causal relationships in the world...”.

Kamma provides an explanation for one’s endless wandering of life or *smasāra*, and hence, the relevance of *kamma* is not confined to one’s present life. That is, one may reap the benefits of morally good actions (*kusala*) in this life itself or in another. One’s good actions in prior lives similarly might bear fruits in this life or in future lives. The same goes for the consequences of unwholesome or morally bad (*akusala*) actions. More importantly, it is *kamma* that causes one’s rebirth. As stated in Rahula (1978):

“Everyone will admit that all the evils in the world are produced by selfish desire. This is not difficult to understand. But how this desire, ‘thirst’ can produce re-existence and re-becoming (*pono-bhavikā*) is a problem not so easy to grasp (Rahula, 1978, p. 30).”

As only morally good or bad actions form the basis for *kamma*, some tend to identify *kamma* as a moral law or a doctrine. As explained in Jayatilleke (2000, p. 39):

“Karma as a natural law in Buddhism is not different in principle from a law in the natural sciences. In fact, it would be misleading to call it a “moral law” since it does not constitute a divine command, a categorical imperative or a norm”.

Besides this problem of usage of terms, there are several points about *kamma* that must be highlighted here. Firstly, *kamma* is often misconceived. For example, sometimes the term *kamma* is used to rationalize the reason for one’s fortunes (or misfortunes), implying that fortunate (or unfortunate) situation one is in presently is one’s *kamma*. This, however, is the outcome, or

fruit of one's past actions, and is known as *kamma-vipāka* (Keown, 2001, p.183) or *kamma-phala* (Rahula, 1978, p. 32). Accordingly, though *kamma* is a universal law, it has much to do with shaping-up one's present life, and no one can escape from it, *kamma* alone does not fully account for the fruits of one's actions (*vipāka*). If this is the case, then no progress in one's spiritual or moral development is possible without some external, perhaps divine, assistance. Simply put, then, in spite of *kamma* and its universal operation, one is still free to choose among possible courses of actions. This freedom of choice is extremely important as it provides a strong motivation on the one hand and an obligation on the other for one to make progress towards intellectual and moral perfection in the present life.

The view that *kamma* is simply reducible to *kamma-vipāka* often leads to another more serious misconception. That is, *kamma* can be viewed as being deterministic, and hence, not only that one has to accept the consequences of one's *kusala* and *akusala* but one's present actions are also determined by *kamma*. This is a serious misconception as it brings into question one's responsibility for actions. More importantly much of what the Buddha taught about one's abilities and even the ability to attain *Nibbāna* becomes questionable if *kamma* is deterministic. Explaining this misconception of *kamma*, Jayatilleke (2000, p. 39) writes:

“These Karmic laws are non-deterministic in the sense that the initial volitional acts are conditioned but not determined and are therefore “free” within limits, while the consequences of these acts may be inhibited, prevented or promoted by background conditions such as time, place, opportunity and the potentialities of later and potential volitional acts”.

Similarly, explaining the nondeterministic nature of *kamma*, Gowans states that:

“Kamma is not a form of determinism about actions. Though a person's current state of well-being is always a causal function of his or her past

actions, what a person does at a given time is not determined by past actions. ... the Buddha thinks we are always free to choose the morally better or worse course. Since these choices affect our future well-being, it is always in our power to improve or diminish our future happiness, and to achieve ultimate happiness through enlightenment” (Gowans, 2003, p. 105).

The Buddhist theory of *kamma* and rebirth is rooted in its conception of an individual or a being and what conditions the continuity of a being.

From *Samsāra* to *Nibbāna*

The Buddha teaches that one wanders in life endlessly until one attains *Nibbana* and this endless wandering or *samsāra* has a causal relationship with *kamma*, in that the quality of one’s future birth is causally affected by the quality of ones’ present and past lives. The Buddhists therefore subscribe to a view of reality that emphasizes the causal relationship between *kamma* and rebirth. Accordingly, the purpose of present life for Buddhists is to strive for *Nibbāna* either in this life or future. This involves a gradual progress towards taking morally better course of actions whenever and wherever possible depending on the stage of one’s present spiritual development. The teachings of the Buddha (*Dhamma*, Sanskrit *Dharma*) provide the main guideline for reaching *Nibbāna* as well as choosing that course of action that is considered to be morally superior. According to the discourses of the Buddha:

“It is by reason of conduct not in accordance with the Dhamma, by reason of unrighteous conduct that some beings here, on the dissolution of the body, after death, reappear in states of deprivation, in an unhappy destination, in perdition, even in hell”. Conversely “it is by reason of conduct in accordance with the Dhamma, by reason of righteous conduct that some beings here, on the dissolution of the body, after death, reappear in a happy destination, even in the heavenly world” (*Majjima Nikkaya*, cited in Gowans, 2003, p. 104).

The guidelines of the Buddha's teachings or the *Dhamma* are prescribed in the noble eightfold path – *aṭṭhangika-magga* (Nyanaponika, 1998, p. 92), or *ariya-atthangika-magga* (Rahula, 1978, p. 45) or *magga* (Sanskrit: *mārga*), which is the Fourth Noble Truth the Buddha discovered during his enlightenment. The noble eight-fold path or *magga* "... explains how the transition from *samsāra* to nirvana is to be made" (Keown, 1996, p. 54). The eight-fold path avoids the two extreme forms of reaching the fullness of life prevalent in India at the time of the Buddha - total gratification of senses and total denying of sense gratification. Therefore, it is normally referred to as the middle way or *majjhima-patipadā* (Nyanaponika, 1998, p. 94).

The Buddha's noble eightfold path comprises of the following (Nyanaponika, 1998, p. 92):

1. Right View (*sammā-ditṭhi*)
2. Right Thought (*sammā-sankappa*)
3. Right Speech (*sammā-vācā*)
4. Right Bodily Action (*sammā-kammanta*)
5. Right Livelihood (*sammā-ājīva*)
6. Right Effort (*sammā-vāyāma*)
7. Right Mindfulness (*sammā-sati*)
8. Right Concentration (*sammā-samādhi*)

Based on what these factors aim at cultivating they are categorised into three broad groups: wisdom or *paññā* (factors 1 and 2), morality or *sīla* (factors 3, 4, and 5) and concentration or *samādhi* (factors 6, 7, and 8) (Nyanaponika, 1998, p. 92; Rahula, 1978, p. 45). In responding to a question from Ānanda, one of the closest followers of the Buddha, in one occasion the Buddha compared the noble eightfold path to a divine vehicle:

"Right view, Ānanda, when developed and cultivated, has as its final goal the removal of lust, the removal of hatred, the removal of delusion. Right intention ... Right concentration, when developed and cultivated, has as its final goal the removal of lust, the removal of hatred, the removal of delusion. ... In this way, Ānanda, it may be understood how

this is a designation for this Noble Eightfold Path: ‘the divine vehicle’ and ‘the vehicle of Dhamma’ and ‘the unsurpassed victory in battle” (Bodhi, 2000, p. 1526: *Samyutta Nikāya*, V, 45, 4 (4)).

Although there are eight factors, the eightfold path does not involve a sequence or order in which one must cultivate these qualities, rather these factors are interrelated, and one must strive to cultivate these simultaneously. In this sense, wisdom, morality and concentration, gives a better indication of the interrelationship of the factors or qualities specified in the eightfold path (Rahula, 1978). For example, wisdom and morality are important for simultaneous perfection of the intellectual and moral virtues. Also, without perfecting concentration or meditation the perfection of neither of these virtues is possible. Simply put these eight factors “aim at promoting and perfecting the three essentials of Buddhist training and discipline” (Rahula, 1978, p. 46). Explaining the interrelationship between wisdom and morality, Rahula writes:

“According to Buddhism for a man to be perfect there are two qualities that he should develop equally: compassion (*karunā*) on one side, and wisdom (*paññā*) on the other. ... If one develops only the emotional neglecting the intellectual, one may become a good-hearted fool; while to develop only the intellectual side neglecting the emotional may turn one into a hard-hearted intellect without feeling for others” (Rahula, 1978, p. 46).

The importance of the noble eightfold path cannot be over emphasized as the Buddha referred to it in one form or another during his 45 years of teaching (Rahula, 1978). Highlighting the prominence of the noble eightfold path in one’s journey through *samsāra* until one attains *Nibbāna*, Keown (1996, p. 56) writes:

“In this respect the practice of the Eightfold Path is a kind of modelling process: the eight factors reveal how a Buddha would live, and by living like a Buddha one gradually becomes one. The Eightfold Path is thus a path of self-transformation: an intellectual, emotional, and moral

restructuring in which a person is reoriented from selfish, limited objectives towards a horizon of possibilities and opportunities for fulfilment”.

The destination of the path or *magga* is the attainment of *Nibbāna*. Based on the status of one’s moral and intellectual development, the Buddha described three stages of progress before reaching the final destination. The three preliminary stages of intellectual and moral progress are: “... the stream-enterer (*sotāpana*), the once-returner (*sakadāgāmin*), and the non-returner (*anāgāmin*)” (Gowans, 2003, p. 162). These stages provide one with goals to strive towards whilst simultaneously cultivating wisdom, morality, and concentration.

(II) BUDDHIST VIEWS ON ETHICS

Keown (2001, p. 1) observes that “...ethics, as an independent philosophical discipline, has not attained in Buddhism the autonomy which it has in the West”. Therefore, this part of the paper takes a closer look at some of the key issues relevant to a Buddhist perspective on ethics. These include the Buddhist moral principle, theories of actions, the social relevance of Buddhist ethics, and more importantly, the possibility of recognizing individual responsibility without contradicting the Buddhist not-self doctrine. These issues are discussed below.

The moral principle

The noble eightfold path discussed earlier in Part I, provides a complete guide or a reference point for making choices about one’s conduct in life so that one’s conduct will be in harmony with the Buddhist doctrine of salvation. Thus, the Buddha’s eightfold path is action-guiding, and hence, is vital to understanding (and evaluating) human affairs. Specifically, according to Kalupahana, the noble eightfold path also functions as *the moral principle* in Buddhism (Kalupahana, 1995, pp. 93-94). He argues that the Buddhist moral principle meets the three criteria expected of a principle:

- (i) *objectivity* - the moral life is objective, one who practices reaps good consequences;
- (ii) *necessity* – the following of the Path leads to *Nibbāna*;
- (iii) *invariability* – does not vary according to social status, caste, or other distinctions commonly used to discriminate people.

The moral principle therefore is neither arbitrary nor variable. This way the Buddha preserved the concept of a principle yet expressed it in the language of conditionality or dependent arising of phenomena (Kalupahana, 1995).

As can be expected there is a strong relationship between ethical conduct and the Buddhist theories of actions thus these theories are discussed next.

Two theories of action

The reasons for aiming at perfecting the intellectual and moral virtues are explained by highlighting their corresponding intellectual and moral vices, namely, delusion (*moha*), greed (*lobha*) and hatred (*dosa*) (see Figure 1). A discourse given by the Buddha on these three causes of action reads:

“There are, O monks, three causes for the origination of action. What three? Greed, hatred, and delusion” (*Aṅguttara Nikāya*, Nyanaponika and Bodhi, 2000, p. 49).

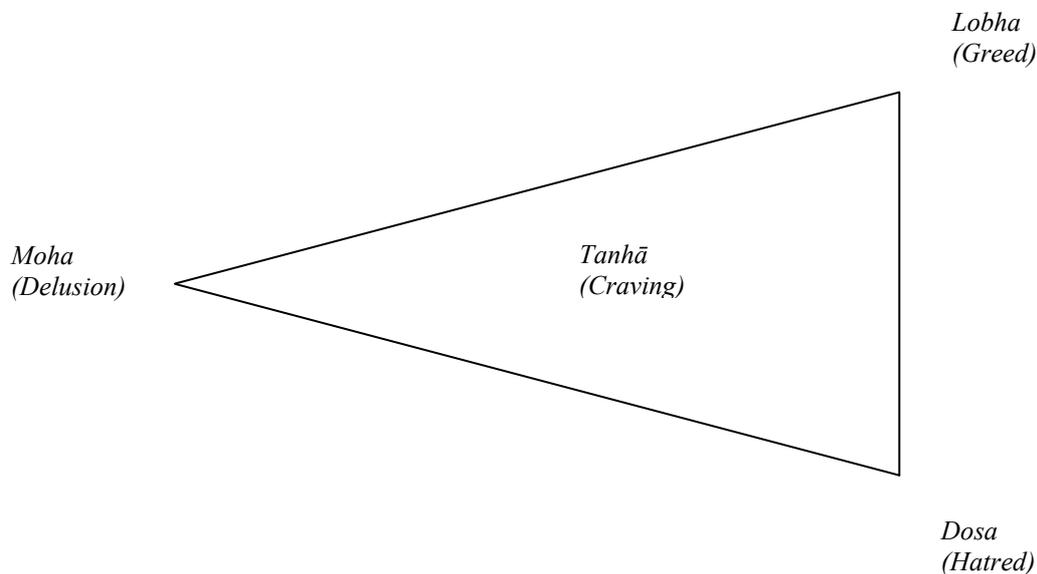


Figure 1: The triangle of *tanhā* (craving)(Source: Keown, 2001, p.65)

According to the teaching of the Buddha these three are the vices which lead to wrong view, wrong thought, wrong action, wrong speech, and wrong livelihood. For example, *moha* or delusion is explained as a ‘cognitive error’, while greed and hatred are errors of non-cognitive nature (Keown, 2001, p. 64; also *Sammāditthi Sutta* in *Majjhima Nikāya*, see Ñānamoli and Bodhi, 2001, pp. 132-144). Although Buddhism recognizes that there are differences among individuals in their capacities, the general nature of human being is recognized as good. As Jayatilleke (2000, p. 54) explains:

“... the mind of man is compared to a piece of gold ore, which is said to have the defilements of iron, copper, tin, lead and silver but when it is purified it shines with its natural lustre...”

A drastic change in the bases for one’s action is however needed if one is to make progress towards moral and intellectual excellence. Simply, if one is to avoid living a life that is leading to the continuation of *dukkha* one must escape from the wrong bases for actions. Such an escape is possible by changing the focus of the theory of actions leading to moral intellectual vice to the opposite. The discourse on the causes of action cited above further reads:

“There are, O monks, three other causes for the origination of action. What three? Non-greed, non-hatred, and non-delusion” (*Ahuttara Nikāya*, Nyanaponika and Bodhi, 2000, p. 50).

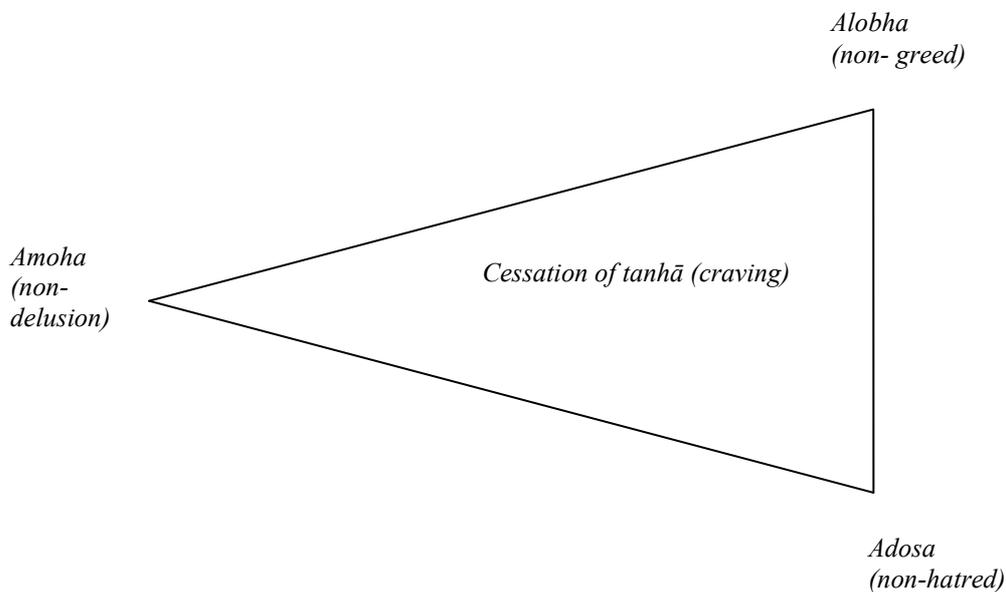


Figure 2: Cessation of *tanhā* (craving)

Figure 2 shows that the perfection of moral and intellectual virtue will lead to the cessation of *tanhā* or craving. This provides guidance for one’s actions that lead to moral and intellectual virtue. And, only by acting this way one is

able to make progress towards the moral and intellectual perfection. However it is stated that the human nature is such that people choose happiness over pain. Accordingly, people tend “to seek pleasure or happiness or recoil from pain or a source of unhappiness” (*Majjhima Nikāya*, cited from Jayatilleke, 2000, p. 55). Thus contrary to some misconceptions that Buddhism is gloomy and renounces all pleasures, seeking happiness is not condemned (Jayatilleke, 2000). What is encouraged is a change of focus so the seeking of happiness is not harmful to one’s moral and intellectual development nor, more importantly, is it going to preclude others’ search for happiness. The difficulty of pursuing a theory of such action is obvious. Jayatilleke (2000, p. 55) suggests:

“We go with the current in acting and reacting out of greed, hatred and ignorance but our endeavour should be to go against the current (*patiso tagami*) and replace greed with selfless service, hatred with friendliness and ignorance with wisdom as our springs of action”.

Thus it is clear that self-interest alone is inadequate as the basis for one’s actions but instead this basis must include the interests of others as well. In other words, the basis for one’s action must be ‘mutual self-interest’ (Jayatilleke, 2000).

Buddhist ethics and social affairs

The discussion so far may give an impression that the Buddha ignored the material welfare of people and provided guidance mainly for the people’s spiritual development. If one takes this view the pursuit of the teaching involves retiring from every day life and turning into a monk. Referring to this Rahula (1978) states that:

“This is a sad misconception... The Buddha’s teaching is meant not only for monks in monasteries, but also for ordinary men and women living at home with their families. The Noble Eightfold Path, which is the Buddhist way of life, is meant for all, without distinction of any kind” (Rahula, 1978, p. 76).

More importantly, one may question the relevance of the Buddhist teaching (and ethics) for worldly affairs such as economics, business and accounting. In his well known challenge to modern economic thought, E. F. Schumacher answered this question as follows:

“Right Livelihood” is one of the requirements of the Buddha’s Noble Eightfold Path. It is clear, therefore, that there must be such a thing as Buddhist economics” (Schumacher, 1973, p. 53).

The concept of *sīla* or morality has direct relevance to a Buddhist perspective on ethics. The Buddhist concept of *sīla* – one of the three components of the Eightfold Path, namely, right speech, right action, and right livelihood – provides guidance for one’s conduct in social affairs. Thus Rahula (1978) uses the term ethical conduct for *sīla* and shows the comprehensive nature of the three components. For example, right speech involves more than abstaining from telling lies.

“Right speech means abstention (1) from telling lies, (2) from backbiting and slander and talk that may bring about hatred, enmity, disunity and disharmony among individuals or groups of people, (3) from harsh, rude, impolite, malicious and abusive language, and (4) from idle, useless and foolish babble and gossip” (Rahula, 1978, p. 47).

Similarly, right action extends beyond abstaining from adultery and stealing, and right livelihood includes only those means that do not harm others. Specifically, on the importance of the ethical conduct both to the individual and society Rahula writes:

“It should be realized that the Buddhist ethical and moral conduct aims at promoting a happy and harmonious life both for the individual and for society. This moral conduct is considered as the indispensable foundation for all higher spiritual attainments. No spiritual development is possible without this moral basis” (Rahula, 1978, p. 47).

Obviously, practicing these, i.e., right speech, right action, and right livelihood, is not an easy task for people living an ordinary everyday life. Yet these provide an ideal standard to aim at continuously. The important thing is this ethical conduct is to be maintained in one's private as well as social affairs. For example, it is said that one can not absolve from ethical conduct on the basis that one is following rules. As Jayatilleke (2000, p. 52) explains:

“... social duties are to be performed not merely out of a sense of duty but as far as possible out of a spirit of service (*cāga*), love (*mettā*) and understanding (*paññā*), the opposite of greed, hatred and ignorance”.

Clearly the teaching of the Buddha recognizes that aiming for the spiritual welfare is far more important than aiming for the material development. But the two goals are not entirely mutually exclusive, as the teaching of the Buddha places a strong emphasis on the importance of improving both - *the spiritual and material* - welfare of people. As stated in the canonical literature:

“There are, householder, these four kinds of happiness which may be achieved by a layperson who enjoys sensual pleasures, depending on time and occasion. What four? The happiness of possession, the happiness of enjoyment, the happiness of debtlessness and the happiness of blamelessness” (*Aṅguttara Nikāya*, Nyanaponika and Bodhi, 2000, p. 99).

Accordingly, Buddhism includes guidance for those who strive towards spiritual development as well as those who find this difficult at the present time and may yet benefit in this world and the next from moral and intellectual developments. Thus Jayatilleke writes:

“For the mundane person the pursuit of material gain was deemed to be compatible with the good life, provided the wealth was gained by just means and the wealth so acquired was spent for one's good as

well as the good of others without squandering or hoarding it” (Jayatilleke, 2000, p. 50).

In another discourse, the Buddha had explained four things conducive to happiness in this world in response to a request made by one of the lay men for guidance so that laypeople too could live a life leading to happiness in this world and thereafter (see a layperson’s welfare, *Aṅguttara Nikāya*, Nyanaponika and Bodhi, 2000, p. 221-222). Referring to that part of the discourse that addresses happiness *in this world*, Rahula (1978, p. 82) writes:

“ First: he should be skilled, efficient, earnest, and energetic in whatever profession he is engaged, and he should know it well (*utthāna-sampadā*); second: he should protect his income, which he has thus earned righteously, with the sweat of his brow (*āraṅkha-sampadā*); third: he should have good friends (*kalyāna-mitta*) who are faithful, learned, virtuous, liberal and intelligent, who will help him along the right path from evil; fourth: he should spend reasonably, in proportion to his income, neither too much nor too little, i.e., he should not hoard wealth avariciously, nor should he be extravagant-in other words he should live within his means (*samajīvatā*)”.

On the issue of happiness *in the future life*, the same discourse reads:

“Four other things lead to a family man’s welfare and happiness in the future life. Accomplishment in faith, virtue, generosity and wisdom” (*Aṅguttara Nikāya*, Nyanaponika and Bodhi, 2000, p. 222).

These show that Buddhism views the happiness of this life broadly while also recognising the happiness of life thereafter. It is noteworthy that things that lead to happiness in this life as identified in this discourse include certain pleasures that ordinary people any where in the world, and irrespective of their religious convictions, may find worthy of pursuit. The pursuit of happiness in this world is essential for a layperson but insufficient for his/her welfare in the future life. Thus Rahula (1978, p. 81) writes:

“Buddhism does not consider material welfare as an end in itself: it is only a means to an end—a higher and nobler end. But it is a means which is indispensable, indispensable in achieving a purpose for man’s happiness”.

The term middle path itself denotes that Buddhism avoids only the taking of an extreme view of indulgence in sensual pleasures but not necessarily a renunciation of any and all forms of material benefits. Explaining the Buddhist view on this issue Rahula writes:

“... the Buddha considered economic welfare as requisite for human happiness, but that he did not recognize progress as real and true if it was only material, devoid of a spiritual and moral foundation. While encouraging material progress, Buddhism always lays emphasis on the development of the moral and spiritual character for a happy, peaceful and contented society” (Rahula, 1978, p. 84).

Taking this further, Jayatilleke (2000) argues that with such teaching a concept of universal good originated in Indian history. According to Jayatilleke:

“[with Buddhism] there emerged for the first time in Indian history the conception of a universal good embracing the whole of mankind. This universal good was conceived of not only as spiritual welfare but as material welfare as well” (Jayatilleke, 2000, p.49).

Then it is fair to conclude that Buddhism does not rule out the importance of the pursuit of happiness as ordinary people understands it, though it recognizes the fact that of the two types the spiritual happiness is superior.

The doctrine of Not-self and responsibility

A question may be raised about the possibility of speaking of moral responsibility without contradicting the Buddhist not-self doctrine. Three possible responses to this question can be offered. Firstly, one can argue that it is impossible to speak of moral responsibility according to the teachings of the Buddha, which denies the recognition of an ontologically different self thereby negating the possibility of an identifiable author of actions. If there is no recognizable author or individual behind actions then recognizing responsibility for actions is impossible. This view of not-self leading to no-responsibility is plausible. For example, Jayatilleke refers to one of the disciples of the Buddha who held a similar view. As it is stated in *Majjhima Nikāya*:

“since body, feelings, ideas, dispositions and consciousness is without self, what self can deeds not done by a self affect” (cited from Jayatilleke, 2000, p 47).

According to the canonical literature the Buddha warned the monk against forming this corollary of the not-self doctrine (*Majjhima Nikāya*).

The second response is to speak of moral responsibility in a conventional sense, as truth in Buddhism can be spoken of either in a conventional or an ultimate sense. The weakness of this response is that an ability to recognize a self for the purpose of recognizing moral responsibility in a conventional sense alone is inadequate, as this creates doubts about the truthfulness of moral responsibility in an ultimate sense of the truth. Any such doubt about recognizing moral responsibility can seriously undermine its meaningfulness and utility in society. The third response is to carefully analyze the not-self doctrine and demonstrate that the Buddhist teachings, when properly analyzed, endorse individual moral responsibility whilst not contradicting the not-self doctrine. This is attempted below.

According to Jayatilleke, the teaching of the Buddha recognizes the independent nature of the process of life though the teachings warn against

comprehending ‘an ontologically independent self’ within this process. That is, one’s life continues through *samsāra* as a stream or a process, always changing from one form to another, yet this stream or process retains its independence. Jayatilleke writes:

“The psycho-physical processes continue in a state of flux and maintain a relative individuality within cosmic existence” (Jayatilleke, 2000, p. 47).

Without the possibility of maintaining this relative individuality of the psycho-physical processes, the causal relationship between volitional acts and their consequences or the operation of the law of *kamma* becomes meaningless. Also, as discussed earlier there is a causal correlation between volitional acts and *kamma*. Yet *kamma* is not deterministic. Therefore in Buddhism, using the notion of relative individuality, the freedom of volitional acts, and the causal relationship between volitional acts and consequences (i.e., the law of *kamma*), one can speak of moral responsibility for one’s actions without contradicting its most controversial doctrine – the not-self doctrine. As Jayatilleke (2000, p. 47) puts it:

“If any one of the three factors, freedom, karmic correlations and the serial individuality is denied, moral responsibility would be a meaningless concept”.

Addressing the difficulty of speaking about an individual on the one hand and recognizing the not-self doctrine on the other, Gowans (2003) argues that the concept of self in Buddhism is best viewed as two dimensional, i.e., the process-self and the substantive-self. According to Gowans (2003), it is simply the absence of a substantive-self that is spoken of in the not-self doctrine. The recognition of not-self therefore cannot be construed as negating moral responsibility for individual actions.

Additionally, there are several examples in the canonical texts that show that the Buddha recognized the importance of individual responsibility on the one

hand and the freedom of thought on the other for the pursuit of his teaching. For example, it is said that:

“One is one’s own refuge, who else could be the refuge? ... You should do your work, for the Tathāgatas only teach the way” (*Dhammapada*, cited from Rahula, 1978, p.1).

A more powerful statement on both the individual responsibility for actions and the need for one to contemplate this frequently is found in a discourse given by the Buddha to his followers, which reads:

“I am the owner of my actions, heir of my actions, actions are the womb (from which I have sprung), actions are my relations, actions are my protection. Whatever actions I do, good or bad, of these I shall become the heir. ... For what good reason should a man or woman, a householder or monk, often contemplate the fact that they are owners of their actions... There are beings who lead an evil life in deeds, words and thoughts. But in one who often contemplates one’s responsibility for one’s actions, such evil conduct will either vanish entirely or will be weakened. For that good reason the fact of responsibility for one’s actions should often be contemplated” (*Aṅguttara Nikāya*, Nyanaponika and Bodhi, 2000, p. 135-136).

The fact that individual responsibility for actions is clearly recognized in Buddhism is therefore difficult to deny. Considering the statements of the Buddha Himself on this issue, it is also clear that this recognition of individual responsibility does no harm to the Buddhist doctrine of not-self for there is no reason for the Buddha to make such an important contradiction in his teaching.

(III) BUDDHIST ETHICS AND ACCOUNTING

The above discussion on Buddhist ethics shows that the noble eightfold path in Buddhism and, especially, its concept of morality or *sīla*, could prove useful for a discourse on accounting ethics. A Buddhist perspective on ethics

requires that a discourse on accounting ethics considers the subject matter of accounting in the context of Buddhist moral principle in general and its concept of *sīla* in particular. As mentioned earlier, *sīla* consists of right speech, right action, and right livelihood. The relevance of these Buddhist concepts to accounting ethics is discussed below.

The concept of right livelihood (or Buddhist economics, Schumacher, 1973), an important component of the moral principle, offers a significant challenge to current economic and accounting thinking. For example, trade practices that promote multiplicity of wants with little regard for their implications for the unfair depletion of natural resources, the welfare of employees, and the welfare of consumers are often justified as rational economic activities. These are not in line with the Buddhist moral principle in so far as these trade practices are propelled purely by human greed. According to a discourse in the *Majjhima Nikāya*, seeking wealth “with the idea of adding gain to gain by resorting to trickery, fraud and hypocritical talk”, is described as a wrong mode of livelihood (cited from Jayatilleke, 2000, p. 50). And, by challenging economic thinking the Buddhist moral principle also challenges accounting thinking. This is because accounting relies on economics for defending what it considers the right thing. Consider for example the decision-usefulness criterion used in accounting to decide the type and extent of information it discloses in financial reports. Here, accounting measures and reports the *economic* impact of the use of resources by an organization, and pleads that only such information has utility in *economic* decision-making. Such reasoning process used in accounting has important implications. For example, a recent study shows that with the help of accounting corporate annual reports attempt to silence “injustices in order to make profit appear to be an unproblematic measure of success” (Chwastiak and Young, 2003, p. 548). Therefore, accounting is helping to defend maximization of profit and wealth accumulation as measures of success, although in many cases phenomenal increases of wealth of corporations and their owners are possible only at the expense of lowered living standards of thousands if not millions of people. In so far as accounting contributes to what Chwastiak and Young (2003, p. 533) call ‘silences in annual reports’, and legitimizes the language of profit

maximization, accounting plays a crucial part in prolonging wealth and power disparity in society. The Buddhist ethics and its implications for economic thinking, therefore, are relevant to a discourse on accounting ethics for it enables new questions to be raised about the nature and purpose of accounting. For instance: Can accounting, from an ethical point of view, maintain its claims to *impartiality* and *objectivity* by remaining oblivious to the nature of business activities and their implications for the welfare of people? Can accounting confine its focus to economic activities and their results, and yet continue to claim to serve the interests of society?

The Buddhist concept of 'right action' involves those actions that promote one's welfare as well as that of others. In other words the focus is on *mutual self-interest*, as opposed to self-interest. In Buddhism, the meaning of society itself is given as *mutual self-interest* (Kalupahana, 1995, p. 135). However, when communicating results or helping to identify right decisions (actions), accounting ignores all interests in favour of those of profit maximization. For example, Chwastiak and Young (2003, p. 533) write:

“Corporate annual reports are filled with accounts which celebrate corporate actions such as acquisitions, downsizing, spin-offs, globalization, increased market share, new and innovative technologies, outsourcing and the reduction of labor costs...Each of these strategies is justified in terms of increased profits, irrespective of the consequences to others or the environment”

From a Buddhist perspective on ethics, the right action must include a serious and explicit consideration of the interests of society, i.e., mutual self-interest. Related to the notion of right action, it is also recognized in Buddhism that one must conduct one's affairs, both private and social, not only with a sense of duty but also with a sense service, love and understanding. This challenges any attempt to justify not making difficult choices when these choices are in line with the spirit but not necessarily with the letter of rules. Thus, according to Buddhist views on ethics, professional judgments in accounting cannot be subordinated or avoided. The subordination of judgment (client-bias in

accounting judgment) and attempts to avoid judgment (compliance with rules to the letter) are two main criticisms accounting professionals confront today. These are clearly unethical from the perspective of Buddhist ethics.

The relevance of right speech, a key aspect of Buddhist morality or *sīla*, to a discourse on accounting ethics is obvious, as communication is a primary function of accounting. As discussed earlier, right speech involves more than abstaining from telling lies. In this sense, silences on important issues and a sophisticated use of language to mask real issues (e.g., many analysts claim that they do not understand footnotes provided in financial reports) are not in line with the concept of right speech. Equally questionable is the room accounting offers for and accountants' attempt to reduce issues to mere technical problems as if such issues are devoid of moral sentiments. Young (2005, p. 8) highlights this problem eloquently: "Many of the practices subsequently labeled as dubious in the press can be easily re-presented as clever, workable solutions to specific technical problems. ... When considered this way, the problems and their solutions are effectively removed from the field of moral concerns". In so far as accounting expertise is reduced to a set of technical skills that could be used to circumvent existing rules, the resulting accounting communication is bound to remain unethical. In such cases, irrespective of whether such aggressive accounting practices lead to corporate scandals or not, accounting communication contradicts right speech.

Additionally, to appreciate the relevance of Buddhist ethics to accounting, perhaps it is also necessary to re-visit the ideas of influential economists in the last century. Consider the following plea of Lord Keynes:

"For at least another hundred years, we must pretend to ourselves and to everyone that fair is foul and foul is fair; for foul is useful and fair is not. Avarice and usury and precaution must be our gods for a little longer still" (cited from Schumacher, 1973, p. 100).

Amongst numerous implications of such thinking in economics on business and accounting ethics, one that is noteworthy is that whether economics and morals can be separated from one another. According to Kalupahana (1995), this appears to dominate the modern philosophical thought in the West. He writes:

“... modern philosophers generally have distinguished the moral life from the good life... They are made to be so incompatible that if one were to have a good life one would have to sacrifice morals, and if one were to be moral one would have to abandon the good life” (Kalupahana, 1995, p. 119).

Yet such a separation is difficult to justify from the perspective of Buddhist ethics. The requirement of the noble eightfold path is to simultaneously develop morality and wisdom. This recognizes the difficulty of separating the ‘right thing’ and ‘good person’ or separating behavior into economic and private. This holistic approach is familiar in the ancient Western thinking as well, for Aristotle too defines ‘the highest good’ in a pluralistic manner. For Aristotle, the highest goods or *summum bonum* is *eudaemonia* and it cannot be reduced to a single or a dominant end (Keown, 2001). As cited in Keown (2001), “‘*Eudaemonia*’, says Aristotle, ‘is composed of certain good things ... it is nothing else beside these, it *is these*’ (Magna Moralia, 1184a 26-29, cited in Keown, 2001, p. 202). Therefore, for Aristotle human action is ‘goal directed’ and his aim is to identify the final goal, which consists of more than one thing, so human action can be guided towards it (Keown, 2001). Describing what Aristotle meant by *eudaemonia*, Keown (2001, p. 199) writes:

“It will not involve the random pursuit of multiple goods (a plurality of first-order ends), nor even one particular good amongst others (a dominant end). Rather it will include a number of good things ... in harmonious combination: this is how we are to understand *eudaemonia* or human flourishing”.

Similarly, though the aim of Hellenistic philosophy is to “enable human beings to achieve *eudaemonia*, commonly translated as happiness, flourishing or well-being”, its influence on Western philosophy has dwindled in the twentieth century (Gowans, 2003, p. 43). These show that a separation of this kind has not rested well even with the ancient Western philosophy. Thus, it appears that a separation of good life and morals (and economics and morals) appears to be dominant in the philosophical thought in the West not throughout its history but mainly a new phenomenon that gained credence in the twentieth century. The widening gap between economics and ethics however continues to attract strong criticisms (see Sen, 1987).

SUMMARY AND CONCLUSION

A review of business ethics literature shows that there are attempts to broaden the discourse on ethics by drawing from various religious perspectives. This shows an important direction for research on ethics, as people’s conception of reality has an important relation to the way they conceive ethics and ethical behavior and, a significant tension will result when there is a lack of congruence between these. This paper extends the use of religious perspectives on ethics by introducing a Buddhist perspective into the literature of business and accounting ethics. Accordingly, it discusses the Buddhist conception of reality and its relation to ethics, and finally, an attempt is made to relate Buddhist ethics to the discourse on ethics in accounting.

The primary emphasis of Buddhism is on changing the individual by perfecting his/her virtues or morality and wisdom as opposed to changing the society. This focus on the individual in Buddhist ethics is useful for professions such as accounting for several reasons. Firstly, major corporate collapses that also implicate accounting and its gate keeping role show that there is no substitute for personal integrity, no matter how sophisticated the control systems are, for preventing such collapses. Secondly, accounting makes ideological claims about professionalism and ethical commitment of its members, thus highlighting the need for individual members to develop such strong commitment to ethics.

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