

JOURNAL OF INTERNATIONAL ACCOUNTING RESEARCH

Vol. 2

2003

pp. 69–96

Some Cross-Cultural Evidence on Whistle-Blowing as an Internal Control Mechanism

Chris Patel

ABSTRACT: In this paper, I report on the results of an empirical examination of cultural influences on professional judgments of Australian, Indian, and Chinese-Malaysian accountants in relation to whistle-blowing as an internal control mechanism. Australia serves as a proxy for the Anglo-American cluster of countries comprising the U.S., U.K., and Canada, while India and Malaysia represent the Asian-Indian and Chinese clusters, respectively. I draw on cultural characteristics and differences among these societies to formulate hypotheses that Australian professional accountants are both *more likely* and *more accepting* of engaging in whistle-blowing as an internal control mechanism than Chinese-Malaysian and Indian professional accountants. Data were gathered through a survey questionnaire administered to samples of senior professional accountants from Big 6 (at the time of data collection) firms in Australia, India, and Malaysia. The questionnaire comprised two whistle-blowing scenarios, and used both single-attribute and multidimensional attribute measures of professional judgment. The results support my hypotheses about differences in Australian compared to Indian and Chinese-Malaysian professional judgments. Additionally, the results support my expectation that multidimensional attribute measures would have greater explanatory power than single-attribute measures, and would provide insight into complex elements involved in ethical and professional judgments in cross-cultural settings. My findings from this study have implications for the management of local and multinational enterprises. Enterprises that aim to improve effectiveness in their control systems or achieve similar levels of reliability across divisions in various countries need to implement control systems that are compatible with cultural values. Specifically, the results suggest that compared to Indian and Chinese cultures, whistle-blowing as an internal control mechanism is likely to be more effective in Australian culture.

Chris Patel is an Associate Professor at Macquarie University, Sydney, Australia.

I gratefully acknowledge the suggestions from participants at the Emerging Issues in International Accounting Conference, Niagara Falls, August 2001 and at the AAA Annual Meeting, Atlanta, August 2001. I also thank Graeme Harrison, Jill McKinnon, the editor, the associate editor, and two anonymous reviewers of the *Journal of International Accounting Research*.

Submitted: November 27, 2001

Accepted: May 7, 2003

I. INTRODUCTION

In this paper, I examine the influence of cultural values on judgments of Australian, Indian, and Chinese-Malaysian professional accountants in Big 6 multinational accounting firms with respect to whistle-blowing as an internal control mechanism.¹ Whistle-blowing is defined as “the disclosure by organization members of illegal, immoral, or illegitimate practices under the control of their superiors, to persons or organizations that may be able to effect action” (Miceli and Near 1992, 15). I draw out the various features of cultural differences between Indians and Chinese-Malaysians in one cluster, and Australians in another cluster, to formulate and test the hypotheses that Australian professional accountants are both *more likely* and *more accepting* of engaging in whistle-blowing as an internal control mechanism than are Chinese-Malaysian and Indian professional accountants.

It has been recognized for some time that accounting is a socio-technical activity in which the values and judgments of accounting practitioners and users of financial information are important (Jaggi 1979; Gray 1988; Gernon and Wallace 1995; Chow et al. 1999). Accounting and information system managers are increasingly realizing that the crucial issues in designing and administering accounting and information systems are no longer simply a matter of getting the technical aspects correct. Rather, equally crucial issues are those associated with understanding the linkage between cultural values and preferences for, or responses to, various aspects of management planning and control.

I examine empirically whether professional accountants in different nations, operating under the same or similar codes of professional conduct and audit procedures, make the same or different judgments about whistle-blowing as an internal control mechanism, and whether such judgments may be explained, at least in part, by their cultural backgrounds. I also seek to provide insight into these issues using samples of professional accountants from Australia, India, and Malaysia.

The topic of whistle-blowing is important because it contributes to improvements in internal control systems (Hooks et al. 1994, 87–88). Moreover, whistle-blowing can improve long-term organizational effectiveness because whistle-blowers may suggest solutions to organizational problems (Brief and Motowidlo 1986). Additionally, organizational members, investors, creditors, and society in general can benefit from the cessation of organizational wrongdoings revealed by whistle-blowers (Miceli et al. 1991, 113).

Recognizing its importance, the Chartered Institute of Public Finance and Accountancy in the U.K. has called for effective whistle-blowing procedures to be established in order to restore public confidence in accounting standards (Mitchell 1995, 79). In the U.S., the Committee of Sponsoring Organizations of the Treadway Commission (COSO 1992) has emphasized the role of communication in internal control. In particular, COSO advocated the importance of whistle-blowing but warned about maintaining balance because entities may become bogged-down with unfounded assertions. In Australia, a study by the Australian Society of Certified Practising Accountants and the Institute of Chartered Accountants in Australia (1994, The Middleton Report) also emphasized the importance of whistle-blowing as an issue for the profession. Further importance of this topic is shown in Knapp’s (1993) collection of well-known audit cases and the importance placed on whistle-blowers’ assistance in detecting fraud.

More recently, the year 2002 will be remembered as the year that corporations failed many of their constituencies. Stories of corporate greed and wrongdoings created headlines. The importance of whistle-blowing as an internal control mechanism is most clearly illustrated by *Time Magazine*

¹ Professional accountants are defined as members of either the Australian Society of Certified Practising Accountants, the Institute of Chartered Accountants in Australia, the Institute of Chartered Accountants in India, the Malaysian Institute of Accountants (Institut Akauntan Malaysia), or the Malaysian Association of Certified Public Accountants (Institut Akauntan Umum Malaysia). The Big 6 accounting firms include KPMG Peat Marwick, Ernst & Young, Coopers & Lybrand, Price Waterhouse, Arthur Anderson, and Deloitte Ross Tohmatsu. Note that toward the completion of the study, Price Waterhouse and Coopers & Lybrand merged to form PricewaterhouseCoopers, and since then, Arthur Andersen has ceased to exist.

(2002), selecting three whistle-blowers at Enron, WorldCom, and the FBI as Persons of the Year for 2002. This, and other incidents in the U.S., have triggered increasing attention on the topic of whistle-blowing as an internal control mechanisms in other industrialized countries such as Australia, the U.K., Canada, and France (Martin and Dixon 2002, 76). In an economic climate where corporations and governments cannot be trusted to be ethical, whistle-blowing may be one way of revealing wrongdoings.

Despite its importance, very little attention in accounting research has been paid to whistle-blowing, possibly because it is a hidden activity, which makes it a difficult topic to research. As such, researchers can only examine behavioral intentions rather than the actual behavior of respondents. Yet, both internal and external auditors would be very well served by the use of whistle-blowing if such reporting was based on reliable information concerning illegal acts, ethics violations, or fraud in the organization (Ponemon 1994, 118).

Research on the organizational and individual characteristics of whistle-blowers spans a number of disciplines, including psychology (Brabeck 1984; Near and Miceli 1986), organizational theory (Dozier and Miceli 1985; Miceli and Near 1984; Somers and Casal 1994), business ethics (Glazer 1983; Greenberger et al. 1987; Near and Miceli 1985; Sims and Keenan 1998) and accounting (Miceli et al. 1991; Arnold and Ponemon 1991; Schultz et al. 1993; Hooks et al. 1994). Schultz et al. (1993) (hereafter Schultz et al.) is a widely cited accounting cross-cultural study that investigated whether managers and professional staff from France, Norway, and the United States differed in their attitudes toward reporting of "questionable acts." They defined a questionable act as "an action which violated a standard of justice, honesty, or economy." Based on Hofstede's (1980) cultural dimensions of Power Distance and Uncertainty Avoidance, their study hypothesized and found some support that French subjects would have lower tendencies to report questionable acts than other nationalities. While making an important contribution, the Schultz et al. study may be criticized on the following three grounds.

First, the study did not control for organizational culture. The U.S. and Norwegian companies in their sample were publicly owned, but their sample of French companies were wholly owned subsidiaries of U.S. companies. The organizational culture of the U.S. parent is likely to filter to the subsidiaries and this may have confounded the results in the study (Gernon 1993, 107).²

Second, research related to both subjective and empirical classifications of countries in relation to the development, role and objectives of accounting practices, systems and concepts, and codes of professional conduct show differences among the U.S., France, and Norway (Choi and Mueller 1992, 26-75). These differences are likely to have confounded the results of their study. The Schultz et al. study also highlights the need to ensure content equivalence for the accounting constructs/issues that are examined. For example, one case in the Schultz et al. study involved a U.S. revenue recognition problem; however the study failed to examine whether the revenue recognition rules are identical across the three countries. In a similar manner, Gernon (1993, 109) noted that another case in the Schultz et al. study assumed that quality control inspections are equally important in the U.S., France, and Norway.

Third, an overarching issue applicable to all studies that have relied on Hofstede (1980) cultural dimensions, is the assumption that the cultural scores were still applicable during the period of study. Schultz et al. failed to measure the cultural scores to confirm whether the scores were still applicable to their specific samples in 1993. Moreover, almost no attempt has been made to complement and enrich Hofstede's cultural dimensions with theoretical and empirical support from other disciplines such as sociology and psychology.

² I recognize that my study also may not control for U.S. organizational culture since the subjects are employees of the Big 6 auditing firms.

The development of cross-cultural research in accounting is at a point where the strengths of the Hofstede's model and of the sociological, psychological, and historical literature could be usefully drawn together to enhance research. This is the approach I have adopted in this study. Moreover, I also attempt to overcome the first two limitations of the Schultz et al. study discussed earlier. I discuss in the sections that follow how my study addresses the theoretical and methodological limitations of the Schultz et al. paper.

Note that my study differs from Schultz et al. in five ways. First, I examine whistle-blowing as an internal control mechanism, whereas Schultz et al. broadly examined the topic of questionable acts. Second, Schultz et al. examined the independent variables of (1) perceived seriousness of irregularity, (2) attribution of personal responsibility for reporting, and (3) perceived personal cost of reporting. In my study, I suggest that measuring such variables in a cross-cultural context is likely to pose problems related to both the theoretical and methodological aspects of these variables. As such, I do not examine these variables. Third, the dependent variable used in Schultz et al. is the likelihood of reporting the questionable acts expressed as a percentage. My study suggests that such univariate measures cannot capture the complexity of behavioral intentions of respondents in a cross-cultural context. As such, I use both univariate (three attributes) and the Multidimensional Ethics Measure (see the "Research Methods" section for details) to gain insight into the complexity of judgments of professional accountants. Additionally, I provide evidence that the explanatory power of the Multidimensional Ethics Measure is greater than the univariate measures. Fourth, Schultz et al. did not measure the presence of social desirability response bias among the respondents. In contrast, I show the importance of measuring social desirability response bias to gain insight into the ethicality of respondents in a cross-cultural context. Fifth, Schultz et al. relied on measuring "organizational prosperity" as one of the key variables. However, they admit that, "companies were subjectively classified as either prosperous or non-prosperous" (Schultz et al. 1993, 87). Studies need reliable and valid measures of variables, particularly in a cross-cultural context where "functional equivalence" and control of confounding variables are important. As such, I do not examine organizational prosperity.

To summarize, I extend the literature on whistle-blowing as an internal control mechanism in a cross-cultural context. Moreover, in addition to providing empirical evidence on an important topic that has not been rigorously examined, a number of theoretical and methodological suggestions for conducting cross-cultural accounting studies emerge from my study.

Selection of Countries

Australia, India, and Malaysia have been selected for examination because they are classified as members of the British Commonwealth model of accounting development (Mueller et al. 1991, 16; Radebaugh and Gray 2002, 41). Australia serves as a proxy for the Anglo-American cluster of countries comprising itself, the U.S., the U.K., and Canada, while India and Malaysia serve as a proxy for the Asian-Indian and Chinese clusters, respectively. Through the influence of colonialism, these countries inherited corporate legislation and accounting practices from the U.K. The concept of a "true and fair view"³ of the financial affairs of an entity is an important aspect of accounting in these countries (Radebaugh and Gray 2002, 46). In each country, the objective of accounting is generally based on the concept of "decision usefulness," which is principally oriented toward the decision needs of investors.⁴ Importantly, the countries are matched in that the professional accounting

³ The concept of a "true and fair view" of a company's financial position and results depends on the judgment of the accountant as an independent professional (Radebaugh and Gray 2002, 46).

⁴ Providers of capital are the most significant user groups of accounting in micro-user-oriented countries. Importantly, Saudagaran (2003, 14) notes, "The notions of *true and fair* and *fairly presented* are generally associated with the need to provide adequate and reliable financial disclosures and the use of accounting methods that reflect the economic substance rather than the legal form of transactions."

bodies are well established,⁵ have almost similar entry requirements,⁶ and the accounting bodies have codes of professional conduct based largely on the pronouncements of the International Federation of Accountants (Shah 2001, 1; Seah 1998, 18; Parker 2001, viii).

Another reason for selecting these countries and peoples is that they are generally accepted as being differentiated on cultural characteristics, which I hypothesize as relevant to professional accountant judgment and discuss in the second section of this paper.

The remainder of the paper is organized as follows. In Section II, I draw on the sociological, psychological, and historical literature, and on Hofstede's (1980) cultural dimensions to explain cultural differences among the three nations, and to develop hypotheses in relation to how these differences may influence judgments in whistle-blowing situations. In Section III, I outline the research method, while I present the results in Section IV and conclude in Section V.

II. CULTURAL DIFFERENCES: THEORY DEVELOPMENT AND HYPOTHESES FORMULATION

In this section, I draw on the sociological, psychological, and historical literature to demonstrate cultural differences between Chinese-Malaysian and Indian cultures, on the one hand, and between the two cultures and Australian culture, on the other. Cultural characteristics drawn from the literature are also supported by recourse to Hofstede's (1980) cultural dimensions and his rankings of these countries on those dimensions. I discuss only those cultural characteristics and dimensions that are relevant to examining differences in professional accounting judgment among the nations.⁷

Characteristics of Chinese-Malaysian Culture

Significant insight into Chinese-Malaysian cultural values may be gained by examining Confucianism. Derived from the teachings of Chung-ni-K'ung (551–479 BC), a Chinese politician, philosopher, and social reformer (known, in the West, as Confucius), Confucian philosophy is said to occupy center stage in Chinese social behavior (Bond and Hwang 1986, 214). Confucianism is, therefore, important in understanding the Chinese culture, including the overseas Chinese in countries such as Singapore, Taiwan, Hong Kong, and Malaysia (Kao 1993; Bond 1991; Lu 1983; Zimmerman and Unnithan 1975; Lang 1968). The shared Confucian tradition among the overseas Chinese has been referred to as the "Chinese Commonwealth" (Kao 1993, 24) and the "overseas Chinese global tribe" (Chang 1995, 967). The fundamental Confucian assumptions are that people exist in relationship to others (Bond and Hwang 1986, 215) and that relationships are structured hierarchically, with people accepting a hierarchical order in which everybody has a rightful place that needs no further justification. Familial, social and political stability, and harmony are the ultimate aims of Confucianism (Lu 1983; King and Bond 1985; Liu 1986) and such stability and harmony are seen as assured through each individual honoring the requirements of their role relationships with others. Stover (1974, 246)

⁵ The founding date (dates of earliest predecessor bodies are shown in brackets) of the Australian Society of Certified Practising Accountants was 1952 (1887), and the Institute of Chartered Accountants in Australia was 1928 (1886) (Nobes and Parker 1995, 4). The Malaysian Institute of Accountants (Institut Akauntan Malaysia) was established in 1967, and the Malaysian Association of Certified Public Accountants (Institut Akauntan Umum Malaysia) in 1958 (Tay 1993, 240). The Institute of Chartered Accountants in India was set up in 1949 (Institute of Chartered Accountants of India 2001). Note that prior to the formation of the professional accounting bodies in Malaysia and India, membership of the Institutes of Chartered Accountants in the U.K. was required to practice in these countries.

⁶ Membership of the professional accounting bodies in the three countries is limited to university accounting graduates who are required to pass additional examinations conducted by the professional bodies and are required to possess at least three years of relevant experience before gaining full professional membership (Tay 1993; Institute of Chartered Accountants of India 2001).

⁷ For details related to the core cultural values of Chinese Malaysian, Indian, and Australian professional accountants see Patel 2001. A summary of these core values and a discussion of Hofstede's cultural dimension are also provided in Patel et al. 2002. However, while the underlying theory and aspects of the research method are similar, the context of the latter paper is related to cross-cultural differences in resolving auditor-client conflicts.

notes that as structural harmony within a group is emphasized, every person is concerned with the "right conduct in maintaining (his or her) place in a hierarchical order."

The interrelationships of a person within the collective in Chinese societies means that the Western concept of an anomic individual is alien to the Chinese culture. "Man" in Chinese culture, is seen as "a relational being, socially situated and defined within an interactive context" (Bond and Hwang 1986, 215). Similarly, the concept of an individual possessing a unique "ego" is also absent among the Chinese. The concept of "ego" in Chinese society belongs to a closely integrated group on which is reflected some of the individual's glory or shame. The family, the wider community of friends, and superiors all have an interest in an individual's advancement or setbacks (Bond and Hwang 1986, 215–218). Public disgrace or ridicule affect not only the individual concerned, but also the reputation of the extended family.

As Brindley (1989, 108–109) notes, the emphasis on social expectations and sanctions for enforcing moral standards in Chinese societies results in individual ethical judgments that are not internalized and unique to an individual, but are largely determined by the external environment and the context. In Confucian ethics, "there is no abstract standard by which to resolve the conflict of values" (Redding and Wong 1986, 285). Hence, multiple standards of morality exist, and multiple standards in dealing with people are seen as morally acceptable (Brindley 1989, 107). I shall return to this point later when I formulate the hypotheses.

Characteristics of Indian Culture

As important as Confucianism is in understanding Chinese culture, so too is Hinduism in understanding Indian culture.⁸ The teachings of Hinduism and Confucianism also have a number of common features, which produce some common cultural characteristics between Indian and Chinese society. These include social stratification, the concern for "harmony within hierarchy" (Sinha and Sinha 1990; Kangayappan 1992), and filial piety (Zimmerman and Unnithan 1975, 4). Social stratification is a "hierarchical ranking of positions in a society ... the outcome of [which is] social inequalities within the social structure that are transmitted by society's major institutions" (Edgar et al. 1993, 172). Kangayappan (1992, 42) notes that it is largely the caste system of social stratification that has glued Indian society together since the arrival of Aryans in the Indus Valley around 1500 BC, while Phegade (1997, 78) argues that stratification along caste lines is also a strong feature of contemporary organizational behavior in India. For example, employees have used caste connections to pressure management not to dismiss workers of their own caste, even in cases of serious misconduct (Sinha and Sinha 1990, 709); even large Indian multinationals, such as the Aditya Birla Group, have tended to hire fellow members of their Marwari business sub-caste for key positions (Elliott 1997, 48). Sinha and Sinha (1990, 707) note that the importance placed on caste has resulted in a "soft-work culture" in India, where the professed goals of an organization are compromised to accommodate social habits and values, and where Indian employees are generally not sensitive to the goals of productivity, but show greater concern for "the unfolding of emotional affinity."

The traditional view of work in India is of a duty that should be performed either in the family or within the intra-caste framework. Indians prefer personalized relationships based on strict rules that govern superior and subordinate relationships (Sinha and Sinha 1990, 709; Trompenaars 1993, 42). The pattern of superior/subordinate relationships dictated by the caste system affects power relations in Indian organizations (Selvadurai 1997, 44), with even large public companies in India being run "like personal fiefdoms" (*Far Eastern Economic Review* 1996, 123).⁹ Superiors expect loyalty,

⁸ Hindus comprise approximately 83 percent of the total population of India, which, at 960 million people, is the world's largest democracy (Elliott 1997, 41).

⁹ Running organizations as if they were their "personal fiefdoms" is a value that is also shared by the Chinese (*Far Eastern Economic Review* 1996, 123).

compliance, and total submission from their subordinates (Phegade 1997, 78). Employees feel easier when working in superior/subordinate roles rather than with equals, with peer-group relationships inducing anxiety until the peers are “ranked on some real or imaginary dimension” (Sinha and Sinha 1990, 709). Once a hierarchical structuring of relationships is established, “juniors yield to seniors on every conceivable on-the-job or off-the-job occasion” (Sinha and Sinha 1990, 709).

Subordinates who yield to power are bestowed with all kinds of undue favors, while those who do not are distanced and discriminated against (Sinha and Sinha 1990, 708). This reward/punishment behavior-modification technique has resulted in subordinates’ unquestioning loyalty to superiors (Kangayappan 1992, 48). The relationship is characterized by “sneh” (affection) for the subordinate and “shraddha” (deference) for the superior. Thus, an Indian organization consists of a network of “affection reciprocity” (Roland 1984, 21), wherein the avoidance of conflict and maintenance of hierarchical equilibrium are the cardinal rules (Triandis 1994, 4–8). This has also been referred to as “cultural coexistence” (Schulberg 1968, 17).

The importance of “affection reciprocity” and “cultural coexistence” in India is also reflected in the Hindu concept of a “collective ego.” The concept of a “collective ego” is different from the “empirical self,” as conceived by Western thinkers (Shils 1961, 119). One’s personal ego is not as important in India as the maintenance of hierarchical order and harmonious interpersonal relationships in a relatively stable social order (Marriott 1976, 111; Sinha and Sinha 1990, 709).

The concept of an individual as a separate person with the choice to decide what is ethical and unethical is generally absent among Indians. Rather, an individual is part of a collective that decides the rules of acceptable behavior (Triandis 1994, 191–193). People are more concerned about acting appropriately than about doing what they consider to be right or wrong (Trompenaars 1993, 37; Triandis 1995, 247). Therefore, judgments related to what is considered ethical or unethical are dependent on the people and the context concerned, and issues related to family, friendship, caste reputation, and preservation of harmony are of greater importance than what is considered ethical or unethical (Trompenaars 1993, 34–35, 37–38).

Characteristics of Australian Culture

Unlike the influence of Confucianism and Hinduism on Chinese and Indian cultures, no single religion or philosophy transcends everyday life in Australia. However, a review of the literature on Australian society allows the identification of two important features of Australian culture. These are the emphasis on the individual and his/her identity, and the values of equalitarianism and egalitarianism.

Compared to the Chinese and Indians, Australians place great importance on individualism and independence, factors that social commentators trace back to Australia’s white settlement origin as a British penal colony in 1788. Bolton (1984, 176) describes Australia’s earliest immigrants, who came along with the convicts and were mostly from England and Ireland, as “those fortunate members of the lower orders who had broken loose from British hierarchy and were exercising their own choices about their style of life.” Freedom from the then prevailing rigid class divisions in Britain, combined with the challenges of Australia’s vast and hostile landscape, historically encouraged a belief in the value of “going it alone” (Goodnow et al. 1989, 40). Self-reliance and individualism, both cognitively and physically, became an important survival tool (Borrie 1989, 121).

The continued importance of individualism and independence is reflected in the vocabularies of contemporary educational psychology and sociology in countries such as Australia and the U.S. that echo the needs of the individual: “developmental tasks, individual differences, self-actualization, the autonomous self, discovery learning, equal opportunity, free competition, reward for merit, skill learning, and taking responsibility for one’s own learning” (Edgar et al. 1993, 285). The ultimate objective in human development in Western societies, such as Australia and the U.S., is the

development of a "competent self"; "a view of oneself as being effective, able to control one's own life and make one's way in it, as opposed to feeling ineffectual, powerless, controlled by others, and having to conform to rules one has no chance of changing" (Brewster-Smith 1968, 161). That is, unlike the cultural features of Indians and Chinese-Malaysians described earlier, Australian culture emphasizes the development of self-directed behavior, rather than relying on external incentives such as familial harmony and social prestige. Meritocracy, which reflects that the individual and not the individual's family or background is in control of his or her destiny, forms the basis of Australian society (Edgar et al. 1993, 180).

The above discussion allows a major contrast between Chinese and Indian cultures on the one hand, and between the two cultures and Australian culture, on the other, that are pertinent to the hypotheses development. A main purpose of socialization in Western cultures, such as Australia, is the development of individual identity, the learning of individual cognitive skills and self-control, and the internalization of moral standards (Edgar et al. 1993, 300). By contrast, one of the major purposes of socialization in Indian and Chinese cultures, as discussed earlier, is the maintenance of harmonious interpersonal relationships, and acting in a manner appropriate to one's position in a hierarchical social order.

The second important feature of Australian culture identified from the sociological literature is the emphasis on values of equalitarianism and egalitarianism (Waters 1990, 24). Withers (1989, 11) argues that freedom and equality in all walks of life are cherished to a greater degree in Australia than in almost any other country. The perception that individuals are existentially the same and equal, irrespective of hierarchical and/or other status (a perception that Triandis [1995, 45-46] also records about Australian culture and terms "horizontal individualism"), contrasts sharply with the importance accorded to differences in hierarchy, status, and rank in Indian and Chinese cultures.

Hofstede's (1980) Cultural Dimensions

The preceding descriptions of characteristics of Chinese, Indian, and Australian cultures, and the contrasts in those characteristics between Chinese and Indian cultures on the one hand, and between the two cultures and Australian culture, on the other, find corroboration in Hofstede's (1980) and Hofstede and Bond's (1988) five-dimensional model of national culture. This model comprises cultural dimensions labeled Power Distance, Individualism (versus Collectivism), Uncertainty Avoidance, Masculinity (versus Femininity), and Long-term (versus Short-term) Orientation. The first two of these are particularly reflective of the characteristics of Chinese, Indian, and Australian cultures identified from the sociological and other literatures.

Power Distance (PD) is described by Hofstede (1984, 390) as "the extent to which the less powerful person in a society accepts inequality in power and considers it normal." As such, it is reflective of the concern with hierarchy and status present in both Chinese and Indian cultures, and the contrasting emphasis on equalitarianism and egalitarianism in Australia. Individualism/Collectivism is described by Hofstede (1983a, 213) as "the relationship between the individual and the collective which prevails in a given society." High individualism implies a collective believes "that people should remain largely independent from groups ... and should have a self-concept of being an independent individual rather than a dependent member of a group" (Kessler 1985, 104). As such, it reflects the emphasis on the individual and independence in Australian culture, contrasting with the emphasis on the collective in Chinese and Indian society.

Hofstede (1980) developed a measurement instrument that he used to score and rank countries on the cultural dimensions. His (Hofstede 1980, 104, 222; Hofstede 1983b, 82) scores and descriptive classifications for Australia, India, and Malaysia on the dimensions of PD and Individualism/Collectivism show that India and Malaysia were ranked as large (or high) on PD and contrasted with

Australia that is ranked as low on PD; and as low on Individualism, while Australia was rated as high on individualism.¹⁰ As such, Hofstede's scores and rankings lend empirical and quantitative support to the socio-cultural literature I referred to earlier. In addition, in the "Results" section, I report on my two additional tests to validate cultural characteristics in each of the three countries.

Hypothesis Formulation

The reporting of a superior's illegal, immoral, or illegitimate practices by a whistle-blower to parties either inside or outside an organization, by its nature, creates confrontation and conflict. Since the main issues in whistle-blowing involve power relations and conflict, the preceding discussion on the cultural differences between Indians and Chinese-Malaysians compared to Australians, is *apropos* here.

Compared to Australians, Chinese and Indians are more likely to avoid organizational conflict, and to show greater concern for maintaining "face," organizational hierarchy, and harmony. Autocratic and paternalistic leadership styles are accepted among Indians and Chinese because laws and rules differ for superiors and subordinates. Since hierarchical order is common and unchallenged in families and organizations, it is expected that superiors' actions would require less justification in their cultures. These cultural values in Indian and Chinese societies are consistent with less acceptance and less likelihood of subordinates using whistle-blowing to expose superiors' wrongdoings.

Another related concept is the greater pressure on a subordinate to cover up a supervisor's unethical action in Indian and Chinese cultures. For example, evidence suggests that individuals in low-Individualism cultures may willingly participate in a cover-up for "communitarian motives—to save face and protect the reputation of the group" (Cohen et al. 1992, 691). Evidence also shows that both formal as well as informal organizational structures in low-Individualism and large-PD societies provide fewer chances through conventional channels for subordinates to question superiors' actions (Schultz et al. 1993, 81). This evidence is consistent with the findings that there are lower rates of whistle-blowing in cultures that favor more authoritarian and less participative organizations (such as Indian and Chinese-Malaysian cultures) (Miceli and Near 1992, 77). In addition, the earlier discussion on Indian and Chinese cultures that suggests the existence of multiple standards of morality and the pragmatic nature of ethical rules (particularly when dealing with powerful people) is not consistent with the use of whistle-blowing to expose superiors' wrongdoings.

In contrast, Australians are less likely to be threatened in organizations by their superiors because a person's position or wealth does not provide special privileges. The importance placed on egalitarianism and equalitarianism would suggest that rules and regulations should apply to everyone equally. Compared to Indian and Chinese cultural values, employees in Australia are less afraid of questioning their superiors' actions and greater employee participation is the preferred style of management (Sinha and Sinha 1990, 707–708; Waters 1990, 23–24). Cultural values in Australia are not likely to encourage individuals to cover up a superior's unethical action for communitarian motives.

In addition, Miceli and Near (1992, 77) provide evidence of higher rates of whistle-blowing in cultures that favor greater organizational participation and less authoritarian styles of leadership. The emphasis on determining what is right or wrong without reference to the context and people

¹⁰ As noted earlier, Malaysia comprises three ethnic groups: Chinese, Indian, and Malays. However, it is highly probable that the subjects from which Hofstede collected the Malaysian data were Chinese-Malaysians. This is because Hofstede collected his data from middle-level professional staff in a private sector business organization (IBM), with the majority of such staff comprised, even today, of Chinese-Malaysians (*Time Magazine* 1997, 26). Furthermore, the clustering of the cultural dimensions of PD, Individualism/Collectivism, Uncertainty Avoidance, and Masculinity/Femininity shows Malaysia is fairly close to other Chinese dominant societies such as Singapore and Hong Kong.

involved is also a relevant factor in the acceptance of whistle-blowing. In summary, Australian cultural values are consistent with greater acceptance and greater likelihood of subordinates using whistle-blowing to expose their superiors' wrongdoings.

Therefore, cultural differences between Indians and Chinese-Malaysians, on the one hand, and between them and Australians, on the other, are expected to produce differences in judgments related to the likelihood and acceptance of engaging in whistle-blowing as an internal control mechanism. Thus, I provide a two-fold hypothesis (one is behavioral and the other is attitudinal) stated in directional form as follows.

- H1a:** Australian professional accountants are more likely to engage in whistle-blowing as an internal control mechanism than Chinese-Malaysian and Indian professional accountants.
- H1b:** Australian professional accountants are more accepting of engaging in whistle-blowing as an internal control mechanism than Chinese- Malaysian and Indian professional accountants.

III. RESEARCH METHOD

I collected data to test the two-fold hypothesis from responses to a survey questionnaire I administered to a sample of senior auditors and consultants (of the rank of supervisor or higher) from Big 6 (at the time of data collection) accounting firms in India, Malaysia, and Australia. Auditors and consultants are likely to be familiar with, and exposed to, internal control systems within their clients' organizations (about 65 percent of respondents in each country were auditors and 25 percent were consultants).

My choice of professional accountants (auditors and consultants) from big accounting firms as subjects requires justification. It may be argued that subjects who are more likely to engage in, and be familiar with, whistle-blowing would be those accountants working in industry rather than in big accounting firms.¹¹ Recall that Gernon (1993, 107) questioned the validity of Schultz et al.'s cross-cultural findings because the study did not control for organizational culture. In Schultz et al.'s study, their U.S. and Norwegian sample companies were publicly owned, but their French sample companies were wholly owned subsidiaries of U.S. companies. The organizational culture of the U.S. parent is likely to affect the subsidiaries and this may have confounded the results found in the study (Gernon 1993, 107). It is important in cross-cultural studies to provide some control over organizational culture to enable the findings to be attributable to culture rather than to the differences in organizational cultures of the various firms in countries being examined.

In a cross-cultural context it is not possible to select various firms in each of the three countries that have almost similar organizational culture. Matching firms on industry and size is probably not sufficient for cross-cultural studies. Studies need to provide some evidence about similarities in organizational cultures of firms that are being compared (Patel 2001, 12).

To address Gernon's (1993) concern about controlling for organizational culture, I select professional accountants from the Big 6 accounting firms as subjects. Evidence shows that there are many similarities in organizational culture of the big multinational accounting firms (Kinney 1986; Wheeler et al. 1987; Soeters and Schreuder 1988; Ponemon 1990; Pratt and Beaulieu 1992). This is largely a result of self-selection and socialization. Selecting subjects from the Big 6 firms provides some confidence that the findings in my study are attributable to culture and not to the confounding factors related to the differences in organizational cultures of the various firms in the three countries (see footnote 2 for a possible limitation of my study).

¹¹ Note that perceptions of professional accountants may not be in accord with those of accountants working in industry.

I made contacts with managing partners from the Big 6 firms in each of the three countries either directly by mail or through a colleague. Four of the Big 6 firms in Malaysia and three each in India and Australia agreed to participate in the study (the participating firms were not the same in each country). Meetings with managing partners of participating firms were arranged to explain the objectives and relevant details of the survey questionnaires. In all cases, partners provided all necessary support and provided assurance that they would encourage their senior staff to complete and promptly return the survey questionnaires. The number of questionnaires given to managing partners was based on their estimates of suitable senior respondents in their firms. To allow for standardized distribution, managing partners were requested to distribute the questionnaires to eligible respondents.

It was important to ensure that all respondents received the same instruction and background information, and in the same format. To this end, a cover letter accompanied the questionnaires. The cover letter explained the purpose of the study and assured respondents that the questionnaire was anonymous and the information obtained would be kept confidential. It also instructed respondents that in real-world situations they would normally require more information than was available in the two scenarios, but for the purposes of the study, they were requested to make their decisions based on the limited information provided. After completing the questionnaire, respondents were asked to enclose it in the self-addressed envelope provided, to seal it, and leave it with their receptionist. These were then personally collected.

The questionnaire comprised two whistle-blowing scenarios to measure professional accountant judgments. The scenarios are shown in the Appendix. The names of the companies and the actors were changed to reflect what would be considered typically indigenous names in India and Malaysia. A scenario approach is selected because it provides a more realistic context for the respondent (Reidenbach and Robin 1990, 643; Lampe and Finn 1992; Shaub et al. 1993; Cohen et al. 1995), and allows insight into the contextual dependencies on which professional accountant judgment may lie (Thorne 2000).

Prior research has shown that materiality has a significant influence on accountants' judgments of the items involved and on the consequent actions they would take. During training, professional accountant trainees learn that immaterial items are less important.¹² However, whether materiality has any influence in the context of whistle-blowing in a cross-cultural setting is an empirical question. Accordingly, I consider it desirable to include two levels of seriousness of the wrongdoings in the scenario. The wrongdoing in Scenario 1 is an internal matter where the marketing manager claims reimbursement for items such as a moderately expensive necklace and a bill related to his wife's personal secretary. The claimed reimbursement is not material. In contrast, the wrongdoing in Scenario 2 involves an organization that is a primary contractor for the government and the actor (internal auditor) discovers a series of inflated or falsified invoices to customers that have already been paid. The items involved in Scenario 2 are clearly material. However, the important issue in both scenarios is that the actions of the actors are clearly unethical. By manipulating the materiality of the amounts involved, I am also able to examine whether accountants' judgments are influenced by materiality across cultures in the context of whistle-blowing.

Scenario 1 is based on an incident that was reported in the U.S. and was pilot-tested in the U.S., Norway, and France by Schultz et al. (1993). The second scenario was developed by Meier and Rittenberg (1986) and was subsequently used by Arnold and Ponemon (1991).

¹² For example, a nonexecutive director on a number of boards suggested that, "The amount involved in scenario 1 is not sufficiently important to report separately to the chairperson of the board. One would expect the matter to be reported in a routine internal audit report, which would probably not include the name of the individual concerned. Management action should be taken internally (by the managing director or finance director) but not at board level."

I ask respondents to answer 11 questions (using a seven-point bipolar scale) that elicit their opinions on the actions they believe the whistle-blowers would take in each of the two Scenarios. The questions are reproduced in the Appendix. Three questions are single-attribute type, asking respondents to evaluate the action in terms of (1) whether they see it as ethical or unethical (Q1 in the Appendix); (2) whether they would make the same decision as the actors in the scenarios (Q10); and (3) whether their colleagues would make the same decision (Q11). The purpose of asking the latter two questions was to identify any social desirability response bias (SDRB) that might be present in the responses.¹³

The other eight questions comprise the attributes in Reidenbach and Robin's (1988, 1990) Multidimensional Ethics Measure (MEM). The MEM comprises three dimensions: Moral Equity, Relativism, and Contractualism. Additionally, the various items in each of the three dimensions are arranged in terms of their theoretical importance (Reidenbach and Robin 1988, 1990). Reidenbach and Robin (1990, 640) note that these three dimensions:

encompass most of the "great" ideas for social survival, not just from the area of moral philosophy, but also from religion. Ideas of fairness, justice, contract, duty, consequence, greatest good and many others that come from these philosophies can be found in the Bible, the Koran, the writings of Buddha, and in other religions.

The most complex of the three dimensions, Moral Equity, is derived from the ethical philosophy of justice theory, and consists of four attributes, arranged in order of their theoretical importance as: Fair/Unfair; Just/Unjust; Morally right/Not morally right; and Acceptable/Unacceptable to my family. I capture these attributes in Q2 through Q5 (see the Appendix).

The Relativism dimension comprises two attributes of "Culturally acceptable/Unacceptable" and "Traditionally acceptable/Unacceptable" (Q6 and Q7 in the Appendix, respectively) that are ranked in order of theoretical importance. The essence of Relativism is that all values are a function of culture and, as a result, there are no universal ethical rules (Singer 1994, 160). That is, cultural values are important in defining individual ethical beliefs.

The Contractualism dimension comprises two attributes: "Violates/Does not violate an unwritten contract" and "Violates/Does not violate an unspoken promise" (Q8 and Q9 in the Appendix, respectively), also ranked in order of theoretical importance. These two attributes are derived from the philosophy of deontology (the science of duty) and focus on the importance of ethics in social contracts (Kant 1964, 9; Armstrong 1993, 8).

The use of the MEM is justified because prior research suggests that the three dimensions are fundamental decision rules for evaluating the moral content of business and accounting situations (Tsalikis and Nwachukwu 1989; Reidenbach and Robin 1988, 1990; Flory et al. 1992; Cohen et al. 1993, 1996). Additionally, multiple attribute scales, such as the MEM, are generally acknowledged to be more valid, reliable, and less error-laden than single-attribute measures (Cohen et al. 1993, 13; Kerlinger 1986, 415), and more capable of eliciting the complex influences on judgments. In this study, I use both single-attribute questions and the MEM, and, hence, I am able to examine the proposition that the explanatory power of the MEM is greater than that of the single-attribute measure.

I pilot-tested the survey instrument in two steps. The first involved administering the instrument to ten accounting academics with professional accounting backgrounds and expertise in the area of the study from a large university in Sydney, Australia. After incorporating feedback from this step, I

¹³ Social desirability response bias (SDRB) refers to the desire, at either a conscious or unconscious level, to give a particular picture of oneself by the way in which one responds to questionnaire items (Watkins and Cheung 1995, 490). SDRB is also described as maintaining a "holier than thou" ethical perception (Tyson 1990, 715), and is a pervasive problem in behavioral ethics research (Rossi et al. 1983; Tyson 1992). The way in which the two questions allow identification of SDRB in the responses is discussed in the "Results" section.

then administered the instrument to 18 Australian senior professional accountants, five professional accountants from India, and two accounting academics from Malaysia to obtain suggestions for further improvements. These two stages of pilot-testing resulted in significant changes to the first draft of the instrument and provided assurance about its overall validity and readability.¹⁴

IV. RESULTS

Validation of Cultural Characteristics

I use two tests to validate the cultural characteristics of the three countries under study. First, Hofstede's (1994) Values Survey Questionnaire was used to measure the levels of PD and Individualism/Collectivism for each of the three country samples of professional accountants. The results confirmed that the Australian sample had a PD score (of -23) that is much lower than the Indian (+24) and Malaysian (+52) samples. The Australian sample also scored higher on Individualism (+125) than the Indian (+83) and Malaysian (+80) samples. Using the individual respondent scores, the differences between the Australian professional accountants, on the one hand, and the Chinese-Malaysian and Indian, on the other, are significant at $p = 0.000$.

Responses and Descriptive Statistics

Ninety-two completed responses were received from four of the Big 6 accounting firms in Kuala Lumpur, representing a response rate of 68 percent in Malaysia (the number of questionnaires distributed to each of the four firms was 50, 25, 35, and 25, and completed responses from each of the firms were 36, 19, 22, and 15, respectively¹⁵). Three of the Big 6 firms in Mumbai and New Delhi provided 84 completed responses for an Indian response rate of 65 percent (the number of questionnaires distributed to each of the three firms respectively was 45 [25 in Mumbai and 20 in New Delhi], 50 [30 in Mumbai and 20 in New Delhi] and 35 [in Mumbai only]; completed responses from each of the three firms were 30 [16 in Mumbai and 14 in New Delhi], 31 [19 in Mumbai and 12 in New Delhi], and 23 [in Mumbai only], respectively). Three of the Big 6 firms in Australia from Sydney and Newcastle provided 72 completed responses for a response rate of 60 percent (the number of questionnaires distributed to each of the three firms was 25 [in Sydney], 50 [in Sydney] and 45 [25 in Sydney and 20 in Newcastle]; completed responses from each of the three firms were 14 [from Sydney], 26 [from Sydney], and 32 [20 from Sydney and 12 from Newcastle], respectively).

Over 80 percent of respondents in each country are seniors and managers and less than 6 percent are supervisors. Note that all respondents are professional accountants and, as stated earlier (see footnote 1), at least three years of relevant work experience is required in each of the three countries before admission to membership. Importantly, statistical tests show that organizational positions did not significantly affect respondents' scores in any of the three countries on the dependent variables. Moreover, excluding supervisors from the sample in each country does not significantly change any of the results reported in this paper.

Statistical tests showed that there were no city effects on the dependent variables among respondents in Australia (between respondents from Newcastle and Sydney) and India (between respondents from Mumbai and New Delhi). Additionally, there was no significant difference among

¹⁴ A copy of the research instrument is available on request from the author.

¹⁵ Recall that the intention of the study was to study Chinese-Malaysians. The issue of ethnicity is potentially a sensitive one in Malaysia. However, the issue was raised by the partners themselves in two of the four firms, and, as they were comfortable discussing it, these partners were requested to select only Chinese-Malaysians as respondents to the questionnaire. The issue was not raised in the other two firms and no such request was made because of the potential sensitivity. Statistical tests showed that there were no differences in responses between the two firms where the respondents were known to be Chinese-Malaysian and the two firms where the ethnic background of respondents was not known.

respondents from the participating three Big 6 firms in Australia and India, and among respondents from the participating four Big 6 firms in Malaysia. As such, there are no city or organizational culture biases within each of the three countries on the dependent variables.

A summary of the demographic details of respondents are as follows: age (over 75 percent of respondents in each country are between 25–34 years); gender (most respondents were males); highest academic qualifications (a majority had a bachelor's degree); years of professional experience (over 75 percent in each country had between 6 to 8 years); organizational position (over 80 percent in each country were either seniors or managers); and percentage of working time spent in provision of management advisory services (a majority in each country did not provide any MAS). The results of both multivariate and univariate analysis showed that these demographic details did not significantly affect respondents' scores in any of the three countries on the dependent variables (the eight attributes comprising the MEM and on the three single-attribute questions). Consequently, I aggregate the responses in each of the three countries for the purpose of hypotheses testing in each country.

The descriptive statistics for the 11 attributes (which I treat as dependent variables) are provided in Table 1 for Scenario 1 and Table 2 for Scenario 2. The tables show that for each of the 11 dependent variables, the mean scores of the Australian professional accountants are greater than those of the Chinese-Malaysian and Indian professional accountants. These scores are in the direction predicted in the hypotheses; i.e., Australian professional accountants are likely to engage more in whistle-blowing and more likely to accept whistle-blowing than their Chinese-Malaysian and Indian counterparts. The tables also show that the mean scores of the Indian respondents on each of the 11 dependent variables are between those of the Australian and Chinese-Malaysian respondents. I return to this point later. Tables 1 and 2 also show Cronbach alpha reliability coefficients for the eight attributes comprising the MEM. The coefficients of 0.96, 0.90, and 0.92 for Scenario 1 and 0.97, 0.90, and 0.93 for Scenario 2 for Malaysia, India, and Australia, respectively, are well above the 0.7 criterion level suggested by Nunnally (1978, 245).

Hypothesis 1a: Likelihood of Engaging in Whistle-Blowing

I obtained the data to test H1a from responses to Q10 and Q11. These questions elicited the likelihood that respondents would make the same decision (Q10, the "you" question) as the whistle-blowers in the two scenarios, and that their colleagues would make the same decision (Q11, the "your colleagues" question) as the whistle-blowers. As noted earlier, the questions were asked in the "you" and "your colleagues" form to identify whether social desirability bias (SDRB) was present in the responses from each country and, if so, whether it differed among the countries. I address this issue prior to reporting the results from my testing of H1a.

Consistent with the approach used by Cohen et al. (1995, 1996), SDRB was measured by the difference between the mean responses to the "you" and "your colleagues" questions. Tables 1 and 2 show that, for each country, the mean score on the "your colleagues" question was lower than the mean score on the "you" question, with the proportion of the mean score on "your colleague" over the mean score on "the you" questions in Scenario 1 and Scenario 2 being 0.83 and 0.84 for India, 0.90 and 0.88 for Australia and 0.80 and 0.83 for Malaysia, respectively. Paired sample t-tests showed the differences to be significant for each country ($p = 0.000$), suggesting that respondents from all three countries presented themselves as likely to act more ethically than their colleagues. While SDRB was found to be present in each of the three country samples, the magnitude of the bias was not significantly different among the three countries.

I test H1a for both the "you" and "your colleagues" questions. One-way ANOVA tests show that there are significant differences among the respondent groups from Australia, India, and Malaysia on their responses to each of the two questions (Scenario 1, $F = 12.61$, $p = 0.000$; Scenario 2, $F = 11.79$,

TABLE 1
Descriptive Statistics for Scenario 1

	Malaysia		India		Australia	
	Mean	S.D.	Mean	S.D.	Mean	S.D.
For all 11 items	4.06	1.67	4.79	1.25	5.44	0.99
Ethical (single-attribute)	4.65	1.94	5.56	1.51	5.85	1.13
Multidimensional Ethics Measures (8 attributes)	4.01	1.71	4.72	1.31	5.41	1.07
Moral Equity Dimension	4.39	1.88	5.12	1.37	5.74	0.92
Fair	4.35	1.91	5.06	1.62	5.51	1.14
Just	4.38	1.95	4.92	1.64	5.71	1.09
Morally right	4.54	2.03	5.60	1.45	6.03	0.96
Acceptable to my family	4.30	2.03	4.92	1.70	5.71	1.04
Relativism Dimension	3.49	1.74	4.07	1.72	5.03	1.35
Culturally acceptable	3.48	1.79	4.13	1.78	4.96	1.48
Traditionally acceptable	3.50	1.78	4.01	1.85	5.11	1.41
Contractualism Dimension	3.80	1.89	4.55	1.81	5.12	1.60
Unwritten contract	3.77	1.90	4.54	1.81	5.11	1.64
Unspoken contract	3.84	1.90	4.55	1.83	5.13	1.60
You would make the same decision (single-attribute)	4.37	1.81	5.17	1.72	5.65	1.36
Your colleagues would make the same decision (single-attribute)	3.50	1.86	4.29	1.63	5.11	1.34

Response scale ranged from 1 to 7 (where 1 = ethical/fair/just/highly probable, etc., and 7 = unethical, unjust, highly improbable, etc.).

Cronbach's Alpha Multidimensional Ethics Measure (8 attributes) 0.96 0.90 0.92

The attributes of the Moral Equity Dimension are derived from the ethical philosophy of justice theory; the Relativism Dimension is based on the notion that all values are a function of culture and, as a result, there are no universal ethical rules; and the Contractualism Dimension focuses on the importance of ethics in social contracts.

Cronbach's Alpha measures the internal consistency of the scales.

$p = 0.000$ for "you" questions; and Scenario 1, $F = 19.54$, $p = 0.000$; Scenario 2, $F = 12.20$, $p = 0.000$ for "your colleague" questions). Follow-up Tukey's HSD and Scheffe's tests showed that with respect to Scenario 1 ("you" question) there was a significant difference between respondent groups from Australian and Malaysia and between India and Malaysia. However, no difference was found between Australia and India, thus suggesting partial support for the hypothesis. Results based on "your colleague" question in Scenario 1, provided support for the hypothesis. With respect to Scenario 2, follow-up tests provided support for the hypothesis on both the "you" and "your colleague" questions (on the "you" question, results also showed differences between India and Malaysia).

Hence, based on Table 1 (showing the directional differences among the three countries) and the results of the one-way ANOVA and the follow-up Tukey's HSD and Scheffe tests, the results support the hypothesis that Australian professional accountants are more likely to engage in whistle-blowing than Indian and Chinese Malaysian professional accountants. Except for the "you" question in Scenario 1, the results are generally consistent for both respondents' reporting their own judgments and their perceptions of their colleagues' judgments.

TABLE 2
Descriptive Statistics for Scenario 2

	Malaysia		India		Australia	
	Mean	S.D.	Mean	S.D.	Mean	S.D.
For all 11 items	4.06	1.78	4.70	1.27	5.39	1.05
Ethical (single-attribute)	4.71	2.15	5.63	1.59	5.88	1.24
Multidimensional Ethics Measures (8 attributes)	4.06	1.85	4.64	1.28	5.40	1.11
Moral Equity Dimension	4.30	2.04	5.00	1.33	5.68	0.99
Fair	4.31	2.15	4.82	1.68	5.58	1.21
Just	4.24	2.18	4.78	1.58	5.71	1.12
Morally right	4.50	2.21	5.71	1.41	5.99	0.88
Acceptable to my family	4.17	2.04	4.69	1.73	5.55	1.38
Relativism Dimension	3.70	1.79	3.99	1.63	4.94	1.48
Culturally acceptable	3.74	1.83	3.96	1.69	4.90	1.52
Traditionally acceptable	3.66	1.84	4.02	1.79	4.99	1.52
Contractualism Dimension	3.93	2.00	4.59	1.75	5.30	1.51
Unwritten contract	3.91	2.03	4.60	1.75	5.32	1.52
Unspoken contract	3.95	2.01	4.57	1.77	5.29	1.52
You would make the same decision (single-attribute)	4.09	1.83	4.81	1.92	5.44	1.55
Your colleagues would make the same decision (single-attribute)	3.40	1.92	4.05	1.83	4.78	1.48

Response scale ranged from 1 to 7 (where 1 = ethical/fair/just/highly probable, etc., and 7 = unethical, unjust, highly improbable etc.).

Cronbach's Alpha Multidimensional Ethics Measure (8 attributes) 0.97 0.90 0.93

The attributes of the Moral Equity Dimension are derived from the ethical philosophy of justice theory; the Relativism Dimension is based on the notion that all values are a function of culture and, as a result, there are no universal ethical rules; and the Contractualism Dimension focuses on the importance of ethics in social contracts.

Cronbach's Alpha measures the internal consistency of the scales.

Hypothesis 1b: Acceptance of Engaging in Whistle-Blowing

Data to test H1b were obtained through responses to the single-attribute "ethical/unethical" questions (Q1 in the questionnaire) and the eight attributes comprising the MEM (Q2 through Q9). With respect to scores on the single-attribute questions, the assumption of homogeneity of variance was violated (Levene's test, two-tailed, $p = 0.000$) and, hence, both parametric and nonparametric tests were conducted.¹⁶ Results from the ANOVA tests of the single-attribute questions show that there are significant differences among professional accountants from Australia, India, and Malaysia in their judgments of how ethical the behavior of the actors who decided against whistle-blowing in the scenarios were (Scenario 1, $F = 12.94$, $p = 0.000$ and Scenario 2, $F = 10.70$, $p = 0.000$). Follow-up Tukey's HSD and Scheffe's tests show that there were significant differences between respondents from Australia and Malaysia, and between India and Malaysia, but no difference was found between Australia and India.

Nonparametric Kruskal-Wallis one-way ANOVA and follow-up Mann-Whitney U tests showed results consistent with those from the Tukey's HSD and Scheffe's tests. Hence, based on Tables 1

¹⁶ Huck et al. (1974, 197) suggest that, because of its additional power, ANOVA may still be used where the homogeneity of variance assumption is violated.

and 2 (showing the directional differences among the three countries) and the tests showing those differences as significant, the results from the single-attribute "ethical/unethical" question provide partial support for H1b.

With respect to the MEM, as the eight attributes comprising the measure were correlated, MANOVA was used to test H1b. The results from MANOVA tests, based on Pillai's criterion, reveal significant differences among the three nations (approximate $F = 4.07$ (Scenario 1) and 4.22 (Scenario 2), hypothetical $df = 16$, error $df = 478$, $p = 0.000$). Pillai's criterion is used because it is most robust to possible violations of the assumptions necessary for MANOVA (Tabachnick and Fidell 1989, 379, 399).

Two alternative follow-up tests are recommended after finding significant MANOVA results; the Univariate F-test and Roy-Bargman's Stepdown F-test (Tabachnick and Fidell 1989, 398–403).¹⁷ Given that the MEM was designed to incorporate the theoretical importance of various attributes in each of the Moral Equity, Relativism, and Contractual dimensions, the Stepdown F-test was selected because it overcomes the problem of using correlated univariate F-tests with the attributes used in my study (Tabachnick and Fidell 1989, 398–403). The results based on Roy-Bargman's Stepdown F-tests are given in Tables 3 (Scenario 1) and 4 (Scenario 2).¹⁸

Follow-up tests were conducted to test for differences between pairs of countries. These results are also presented in Tables 3 and 4, where parametric and nonparametric tests are reported in cases where the assumption of homogeneity of variance was violated (based on Levene's test). Where "yes" ("no") appears in the table, this indicates that the results were (were not) significant ($p < 0.05$) for the tests shown in the table.

The results in Tables 1 and 2 and those for the MEM in Tables 3 and 4 are generally supportive of H1b. Specifically, with respect to Scenario 1 the results for the dependent variable that captures the Moral Equity dimension (just/unjust), and for both dependent variables capturing the Relativism dimension (culturally acceptable/unacceptable; traditionally acceptable/unacceptable), provide support for the hypothesis that Australian professional accountants are more accepting of engaging in whistle-blowing than Indian and Chinese-Malaysian professional accountants. With respect to Scenario 2, the results for two of the dependent variables that comprise the Moral Equity dimension (fair/unfair, just/unjust), for one dependent variable representing the Relativism dimension (culturally acceptable/unacceptable), and another dependent variable representing the Contractualism dimension (violates/does not violate an unwritten social contract) provide support for the hypothesis.

However, with respect to Scenario 1, the results only provide partial support for the hypothesis on two attributes of the Moral Equity dimension (fair/unfair; morally right/not morally right) and one attribute of the Contractualism dimension (violates/does not violate an unwritten social contract). The results from Scenario 2 show partial support for the hypothesis on only one attribute of the Moral Equity dimension (morally right/not morally right). These results suggest, as hypothesized, that Australian professional accountants are more accepting of engaging in whistle-blowing than their Chinese-Malaysians counterparts; however, there was no difference between the judgments of Australian and Indian professional accountants.

A possible reason for this contradictory result, and potentially for the fact that the mean scores for all 11 dependent variables shown in Tables 1 and 2 are higher for the Indian respondents than Chinese-Malaysian respondents, may lie in the relative strength of influence of Confucianism and

¹⁷ MANOVA tests reveal whether there are significant differences among the three countries on the eight attributes that comprise the MEM taken together. The follow-up tests show whether there are significant differences among the three countries on each of the four attributes that comprise the Moral Equity Dimension, and on each of the two attributes that comprise the Relativism and Contractualism Dimensions.

¹⁸ Univariate F-tests showed significant differences ($p < 0.000$) among the three countries on all four attributes comprising the Moral Equity dimension, and on each of the two attributes comprising the Relativism and Contractualism dimensions. However, as discussed earlier, results from only the stepdown analysis are used for hypothesis testing because of its theoretical relevance to my study.

TABLE 3
Scenario 1
Stepdown F-Tests for Differences among the Three Countries and
Pairwise Follow-up Tests for between Country Differences

Roy-Bargman's Stepdown F-Tests	Pairwise Follow-Up Tests		
	Australia/ Malaysia	Australia/ India	India/ Malaysia
Moral Equity Dimension			
Fair/unfair			
<i>Parametric:</i>			
Tukey's HSD	yes	no	no
Scheffe's	yes	no	no
<i>Nonparametric:</i>			
Mann-Whitney U	yes	no	no
Just/unjust			
<i>Parametric:</i>			
Tukey's HSD	yes	yes	no
Scheffe's	yes	yes	no
<i>Nonparametric:</i>			
Mann-Whitney U	yes	yes	no
Morally right/not			
<i>Parametric:</i>			
Tukey's HSD	yes	no	no
Scheffe's	yes	no	no
<i>Nonparametric:</i>			
Mann-Whitney U	yes	no	no
Relativism Dimension			
Culturally acceptable/not			
<i>Parametric:</i>			
Tukey's HSD	yes	yes	no
Scheffe's	yes	yes	no
<i>Nonparametric:</i>			
Mann-Whitney U	yes	yes	no
Traditionally acceptable/not			
<i>Parametric:</i>			
Tukey's HSD	yes	yes	no
Scheffe's	yes	yes	no
<i>Nonparametric:</i>			
Mann-Whitney U	yes	yes	no
Contractualism Dimension			
Unwritten contract			
<i>Parametric:</i>			
Tukey's HSD	yes	no	yes
Scheffe's	yes	no	yes

The result from MANOVA reveal that there are significant differences among the three countries on the eight attributes that represent the MEM. The follow-up Roy-Bargman's Stepdown F-tests show the specific attributes of the MEM on which the countries differ. To test for differences among the pairs of countries, parametric (Tukey's HSD and Scheffe's), and nonparametric (Mann-Whitney U) tests were conducted. Where the assumption of homogeneity of variance was violated, both the results of parametric and nonparametric tests are reported.

TABLE 4
Scenario 2
Stepdown F-Tests for Differences among the Three Countries and
Pairwise Follow-Up Tests for between Country Differences

<u>Roy-Bargman's Stepdown F-Tests</u>	<u>Pairwise Follow-Up Tests</u>		
	<u>Australia/ Malaysia</u>	<u>Australia/ India</u>	<u>India/ Malaysia</u>
<i>Moral Equity Dimension</i>			
Fair/unfair			
<i>Parametric:</i>			
Tukey's HSD	yes	yes	no
Scheffe's	yes	yes	no
<i>Nonparametric:</i>			
Mann-Whitney U	yes	yes	no
Just/unjust			
<i>Parametric:</i>			
Tukey's HSD	yes	yes	no
Scheffe's	yes	yes	no
<i>Nonparametric:</i>			
Mann-Whitney U	yes	yes	no
Morally right/not			
<i>Parametric:</i>			
Tukey's HSD	yes	no	yes
Scheffe's	yes	no	yes
<i>Nonparametric:</i>			
Mann-Whitney U	yes	no	yes
<i>Relativism Dimension</i>			
Culturally acceptable/not			
<i>Parametric:</i>			
Tukey's HSD	yes	yes	no
Scheffe's	yes	yes	no
<i>Contractualism Dimension</i>			
Unwritten contract			
<i>Parametric:</i>			
Tukey's HSD	yes	yes	yes
Scheffe's	yes	yes	yes
<i>Nonparametric:</i>			
Mann-Whitney U	yes	yes	yes

The results from MANOVA reveal that there are significant differences among the three countries on the eight attributes that represent the MEM. The follow-up Roy-Bargman's Stepdown F-tests show the specific attributes of the MEM on which the countries differ. To test for differences among the pairs of countries, parametric (Tukey's HSD and Scheffe's), and nonparametric (Mann-Whitney U) tests were conducted. Where the assumption of homogeneity of variance was violated, both the results of parametric and nonparametric tests are reported.

Hinduism. The literature suggests that, compared to Hinduism, Confucianism may be more enduring, resistant to change, and stronger in its influence on cultural values.¹⁹ The difference in judgments

¹⁹ Chang (1992, 179) notes that the influence of Confucianism on the Chinese people is unique in the world. By contrast, he (Chang 1992, 179) notes that India has "never achieved a nation-wide political unification." Rather, India has been seen as "very much akin to a deep net into which various races and peoples of Asia have drifted and been caught" (Kangayappan 1992, 42). The Hindu value system has been described as "encompassing," and one in which the various external influences from the different races and peoples are "tolerated, balanced, accommodated, or just allowed to coexist" (Sinha and Sinha 1990, 706).

between Indians and Chinese-Malaysians that I report may potentially be attributable to the comparatively more enduring and stronger influence of Confucianism on the Chinese-Malaysian, and hence on the dependent variable. However, this attribution must be regarded as speculative and the results as exploratory pending further studies of Indian and Chinese-Malaysian professional accountants.

Recall that Scenario 1 relates to reimbursements claimed that are clearly not material, whereas, the fraudulent action in Scenario 2 was material. The purpose of manipulating the materiality amounts involved is to examine whether accountants' judgments are influenced by materiality in a cross-cultural study in the context of whistle-blowing. The additional support for the hypotheses from Scenario 2 is attributable to the materiality of the fraudulent act involved. That is, materiality of the actions influences the strength of the hypotheses that Australian professional accountants are both *more likely* to engage and *more accepting* of engaging in whistle-blowing as an internal control mechanism than Chinese-Malaysian and Indian professional accountants.

Explanatory Power of the Multidimensional Ethics Measure (MEM)

My use of both the single-attribute (ethical/unethical) measure and the MEM enables me to provide empirical evidence for the proposition that the explanatory power of the MEM is greater than that of the single-attribute measure. I test this proposition by regressing the scores on Q10 and Q11 (the questions providing data on the likely behavior of the respondents and the respondents' reporting of their colleagues' likely behavior, respectively) on the single-attribute ethical/unethical scores and on the summed scores for the eight attributes of the MEM (and also the summed scores for each of the Moral Equity, Relativism, and Contractualism dimensions of the MEM).

The results from these regressions are shown in Tables 5 and 6, with Panel A relating to the respondents' reported likely behavior and Panel B their colleagues' likely behavior, respectively. Table 6 shows that the eight-item MEM accounted for more explained variance than the single-attribute measure in both scenarios on both questions (the results are significant at $p < 0.05$). Table 5 reports the adjusted R^2 for the three dimensions of the MEM. This shows that the Moral Equity dimension has the highest explanatory power (adjusted R^2 of 0.52 and 0.45 (Scenario 1) and 0.47 and 0.42 (Scenario 2) for respondents' and colleagues' likely behavior, respectively) among the three dimensions, but that the Relativism and Contractualism dimensions also have substantial explanatory power in their own right. Overall, therefore, the results support the explanatory power of the eight-attribute MEM over the single-attribute measure, with the explanatory power seeming to rest particularly with the Moral Equity dimension of the MEM.

TABLE 5
Differences in Explanatory Power of Three Dimensions
Comprising Multidimensional Ethics Measure

Panel A: Respondents' Own Behavioral Intention

Scenario Number	Behavioral Intention (Adjusted R^2)		
	Moral Equity	Relativism	Contractualism
1	0.52	0.35	0.34
2	0.47	0.40	0.33

Panel B: Colleagues' Behavioral Intention

Scenario Number	Behavioral Intention (Adjusted R^2)		
	Moral Equity	Relativism	Contractualism
1	0.45	0.34	0.29
2	0.42	0.41	0.33

TABLE 6
Differences in Explanatory Power of Multidimensional Ethics Measure
over the Single-Attribute (Ethical/Unethical) Measure

Panel A: Respondents' Own Behavioral Intention

Scenario Number	Behavioral Intention (Adjusted R ²)		
	Univariate	Multidimensional	Difference
1	0.42	0.53	0.11*
2	0.31	0.51	0.20*

Panel B: Respondents' Judgments of their Colleagues' Intention

Scenario Number	Behavioral Intention (Adjusted R ²)		
	Univariate	Multidimensional	Difference
1	0.36	0.47	0.11*
2	0.28	0.47	0.19*

* Significant at $P < 0.05$

Accountants' own behavioral intention and their judgments of their colleagues' intention, are regressed on scores on each of the Moral Equity, Relativism, and Contractualism Dimensions, the single-attribute ethical/unethical scores, and on the summed scores of the eight attributes that represent the MEM.

V. CONCLUSIONS OF THE STUDY

I have reported, in this paper, the results of my examination of the influence of cultural values on judgments of Australian, Indian, and Chinese-Malaysian professional accountants in Big 6 accounting firms with respect to whistle-blowing as an internal control mechanism. I drew on the philosophical, sociological, and other literatures to demonstrate cultural differences between Indian and Chinese-Malaysian cultures, on the one hand, and between the two cultures and the Australian culture, on the other. I also formulated hypotheses on how these cultural differences might affect judgments relating to whistle-blowing. I hypothesized that Australian professional accountants would be *more likely* (H1a) to engage in whistle-blowing than Indian and Chinese-Malaysian professional accountants, and would also be *more accepting* (H1b) of engaging in whistle-blowing. My results generally support both these hypotheses.

For H1a, my proposition that Australian respondents were more likely to engage in whistle-blowing than Indian and Chinese-Malaysian respondents generally held, regardless of whether the test question was phrased in the form of the respondent's own likely behavior or the likely behavior of his/her colleagues. Differences in the reported behaviors of the respondents compared to that of their colleagues showed the presence of social desirability response bias among senior accountant respondents in all three countries; however the magnitude of the bias did not differ significantly among the countries.

For H1b, I found partial support for the single-attribute ethical/unethical measure (there was significant difference between Australians and Chinese-Malaysians, but no difference was found between Australians and Indians). The results from the Multidimensional Ethics Measure (MEM) provided overall support for my hypothesis that Australian professional accountants are more accepting of engaging in whistle-blowing than Chinese-Malaysian and Indian professional accountants. Additionally, my results suggest that the culturally hypothesized differences are greater when the unethical actions in the scenarios are material.

The MEM also provided some insights into the complex elements involved in ethical judgments in cross-cultural settings. Examination of the results for the eight-attribute MEM showed that responses to five items were significantly different for Australians compared with Malaysians, and that

responses to four of these were also different between Australians and Indians. The four attributes that differentiated Australian accountants from both Indians and Chinese-Malaysians were those relating to evaluations of the potential whistle-blowers' behavior in the scenarios such as: Fair/unfair, Just/unjust, Culturally acceptable/unacceptable, and Violates/does not violate an unwritten social contract. The first two of these form part of the Moral Equity dimension.

The third attribute that differentiated the evaluation of the Australian professional accountants from the Indian and Chinese-Malaysian professional accountants was the "culturally acceptable/unacceptable" component of the Relativism dimension. This dimension focuses on the notion that ethical reasoning and rationales are relative to specific cultures, and that the values and beliefs held by people in different cultures may influence their ethical judgments. The fourth attribute (violates/does not violate an unwritten social contract) was adapted from the Contractualism dimension. The guiding idea behind this dimension is importance of social contract.

VI. IMPLICATIONS

My results have implications for management of local and multinational enterprises. Specifically, designing effective internal control systems is an integral component of managing the complex operations of both domestic and multinational enterprises. However, studies have revealed that the control systems employed by a number of multinational enterprises to control their foreign operations are identical in many respects to those used domestically (Choi and Mueller 1992, 480). Since cultural values influence the effectiveness of control systems, enforcing uniformity in control systems in various countries might lead to dysfunctional behavioral consequences and unnecessary costs. Managers of multinational enterprises might find it useful to understand that domestic-standardized internal control procedures and systems cannot simply be transferred to other cultures. Comparability between cultural values and organizational systems is important when designing effective control procedures.

Specifically, prior evidence suggests that whistle-blowing is an important factor that contributes to improvements in both internal control and in evaluations of the control environment by management and external auditors. My results suggest that compared to Indian and Chinese cultures, whistle-blowing as an internal control mechanism is likely to be more effective in Australian culture.

The usual limitations of using a survey questionnaire apply to this study. I examined the influence of culture on behavioral intentions of professional accountants on whistle-blowing as an internal control mechanism. Behavioral intentions might not capture or provide insight into actually engaging in whistle-blowing. Moreover, while scenarios provide a realistic context for capturing behavioral intentions, it should be noted that respondents were required to make their judgments based on the limited information provided in the two scenarios. As such, in real work situations, respondents would normally require additional information than was available in the two scenarios. I, therefore, suggest that caution needs to be exercised when generalizing to other countries and accounting constructs. Finally, it is important to recognize that differing cultural values across countries do not imply or justify individual ethnic stereotypes.

APPENDIX

Scenario 1

Steve English is an internal audit supervisor in BOSSIX Ltd., a large chemical company in Sydney. One routine part of Steve’s job is reviewing expense accounts. When Henry Grant’s expense reimbursement came to the top of the pile, Steve was intrigued as he knew that, as manager of marketing, Grant has quite a reputation as a big spender. His interest quickly turned to consternation as he found reimbursement requests for items such as a moderately expensive necklace and a bill for Mrs. Grant’s personal secretary, with no real justification. He knew these items were not reimbursable according to company policy.

He decided to ask Grant about them. Grant was clearly upset about the inquiry and responded, “See R. J. Whitman’s signature on those requests? What other document do you need? He knows I’m responsible for the success we have had in developing the Australian market.”

On his way back to his office, Steve realized that the general manager, R. J. Whitman, was Grant’s close friend and that Steve’s promotion chances could be greatly reduced if he questioned the general manager’s authority. Should Steve report the questionable activity to the next higher level of management, the chairperson of the board of directors of the company?

After thinking about the issue for a few days, Steve decided not to report the matter to the chairperson of the board.

How would you evaluate Steve’s decision? Please indicate your evaluation of Steve’s decision by marking a cross (X) on a specific point on each of the following scales.

- (Q1) ETHICAL _____ UNETHICAL
- (Q2) FAIR _____ UNFAIR
- (Q3) JUST _____ UNJUST
- (Q4) MORALLY RIGHT _____ NOT MORALLY RIGHT
- (Q5) ACCEPTABLE TO MY FAMILY _____ UNACCEPTABLE TO MY FAMILY
- (Q6) CULTURALLY ACCEPTABLE _____ CULTURALLY UNACCEPTABLE
- (Q7) TRADITIONALLY ACCEPTABLE _____ TRADITIONALLY UNACCEPTABLE
- (Q8) DOES NOT VIOLATE AN UNWRITTEN SOCIAL CONTRACT _____ VIOLATES AN UNWRITTEN SOCIAL CONTRACT
- (Q9) DOES NOT VIOLATE AN UNSPOKEN SOCIAL CONTRACT _____ VIOLATES AN UNSPOKEN SOCIAL CONTRACT
- (Q10) If you were responsible for making the decision in the above case, what is the probability that you would make the same decision as Steve?
HIGHLY PROBABLE _____ HIGHLY IMPROBABLE
- (Q11) If your colleagues were responsible for making the decision in the above case, what is the probability that they would make the same decision as Steve?
HIGHLY PROBABLE _____ HIGHLY IMPROBABLE

Scenario 2

Tim has been an internal auditor for seven years with an organization that is a primary contractor for the Australian Government. Tim recently completed an audit of a subsidiary business unit (ABC plant) that is completing large contracts for various government agencies. The billings of the subsidiary have been audited previously and no major problems were detected. During the present audit, Tim discovered, within the subsidiary's billing system, a series of bogus (inflated or falsified) invoices to customers that had already been paid. Tim reported this finding to the director of internal audit. The director said that he would report it to authorities within the company. After a few days, the director told Tim, "Forget about it." Tim argued that further action should be taken but the director shouted, "If you pursue this, you will be fired."

Tim is aware that, with his qualifications, he is not likely to find another such well-paid position in the current economic climate. After thinking about this for a few days, Tim decided not to report the matter to the next higher level of management.

How would you evaluate Tim's decision? Please indicate your evaluation of Tim's decision by marking a cross (X) on a specific point on each of the following scales.

- (Q1) ETHICAL _____ UNETHICAL
- (Q2) FAIR _____ UNFAIR
- (Q3) JUST _____ UNJUST
- (Q4) MORALLY RIGHT _____ NOT MORALLY RIGHT
- (Q5) ACCEPTABLE TO MY FAMILY _____ UNACCEPTABLE TO MY FAMILY
- (Q6) CULTURALLY ACCEPTABLE _____ CULTURALLY UNACCEPTABLE
- (Q7) TRADITIONALLY ACCEPTABLE _____ TRADITIONALLY UNACCEPTABLE
- (Q8) DOES NOT VIOLATE AN UNWRITTEN SOCIAL CONTRACT _____ VIOLATES AN UNWRITTEN SOCIAL CONTRACT
- (Q9) DOES NOT VIOLATE AN UNSPOKEN SOCIAL CONTRACT _____ VIOLATES AN UNSPOKEN SOCIAL CONTRACT
- (Q10) If you were responsible for making the decision in the above case, what is the probability that you would make the same decision as Tim?
HIGHLY PROBABLE _____ HIGHLY IMPROBABLE
- (Q11) If your colleagues were responsible for making the decision in the above case, what is the probability that they would make the same decision as Tim?
HIGHLY PROBABLE _____ HIGHLY IMPROBABLE

REFERENCES

- Armstrong, M. 1993. *Ethics and Professionalism for CPAs*. Cincinnati, OH: South-Western Publishing Co.
- Arnold, D. F., Sr., and L. A. Ponemon. 1991. Internal auditors' perceptions of whistle-blowing and the influence of moral reasoning: An experiment. *Auditing: A Journal of Practice & Theory* 10 (Fall): 1–15.
- Australian Society of Certified Practising Accountants and the Institute of Chartered Accountants in Australia (the Middleton Report). 1994. *A Research Study on Financial Reporting and Auditing—Bridging the Gap*. Sydney, Australia: Prentice Hall.
- Bolton, G. 1984. The image of Australia in Europe. *Journal of the Royal Society of Arts* (Feb.): 176.
- Bond, M. H., and K. Hwang. 1986. The social psychology of Chinese People. In *The Psychology of the Chinese People*, edited by M. H. Bond, 213–264. Hong Kong, PRC: Oxford University Press.
- . 1991. *Beyond the Chinese Face: Insights from Psychology*. Oxford, U.K.: Oxford University Press.
- Borrie, W. D. 1989. The population. In *Australian Society*, edited by K. Hancock, 119–142. Sydney, Australia: Cambridge University Press.
- Brabeck, M. 1984. Ethical characteristics of whistle-blowing. *Journal of Personality* 18: 41–53.
- Brewster-Smith, M. 1968. Socialization and competence. In *Socialization and Society*, edited by J. Clausen, 161–171. Boston, MA: Little Brown.
- Brief, A. P., and S. Motowidlo. 1986. Prosocial organizational behaviours. *Academy of Management Review* 11 (4): 710–725.
- Brindley, T. A. 1989. Socio-psychological values in the Republic of China I. *Asian Thought and Society* XIV (41–42): 98–115.
- Chang, D. W. 1992. Confucianism, democracy and socialism: The Communist search for a new political typology with Chinese characteristics. *Asian Thought and Society* XVII (51): 179–193.
- Chang, M. H. 1995. Greater China and the Chinese global tribe. *Asian Survey* XXXV (10): 955–967.
- Choi, F. D. S., and G. G. Mueller. 1992. *International Accounting*. Englewood Cliffs, NJ: Prentice Hall.
- Chow, C. W., M. D. Shields, and A. Wu. 1999. The importance of national culture in the design of and preferences for management controls for multi-nationals operations. *Accounting, Organizations and Society* 24: 441–461.
- Cohen, J. R., L. W. Pant, and D. J. Sharp. 1992. Cultural and socioeconomic constraints on international codes of ethics: Lessons from accounting. *Journal of Business Ethics* 11: 687–700.
- , ———, and ———. 1993. A validation and extension of a multidimensional ethics scale. *Journal of Business Ethics* 12: 13–26.
- , ———, and ———. 1995. An exploratory examination of international differences in auditors' ethical perceptions. *Behavioral Research in Accounting* 7: 37–64.
- , ———, and ———. 1996. Measuring ethical awareness and ethical orientation of Canadian auditors. *Behavioral Research in Accounting* 8 (Supplement): 98–119.
- Committee of Sponsoring Organizations of the Treadway Commission (COSO). 1992. *Internal Control: Integrated Framework*. Harborside, NJ: AICPA.
- Dozier, J., and M. Miceli. 1985. Potential predictors of whistle-blowing: A prosocial behavior perspective. *Academy of Management Review* 10: 823–836.
- Edgar, D., L. Earle, and R. Fopp. 1993. *Introduction to Australian Society*. Sydney, Australia: Prentice Hall.
- Elliot, J. 1997. India's challenge: The next 50 years. *Fortune* (Sept.): 40–55.
- Far Eastern Economic Review*. 1996. Managing organizations. (December 26): 123.
- Flory, S. M., T. J. Philips, Jr., R. E. Reidenbach, and D. P. Robin. 1992. A multidimensional analysis of selected ethical issues in accounting. *The Accounting Review* 67 (April): 284–302.
- Gernon, H. 1993. Discussion of: An investigation of the reporting of questionable acts in an international setting. *Journal of Accounting Research* 31 (Supplement): 104–110.
- , and R. S. O. Wallace. 1995. International accounting research: A review of its ecology, contending theories and methodologies. *Journal of Accounting Literature* 14: 54–106.
- , and G. K. Meek. 2001. *Accounting: An International Perspective*. Fifth Edition. New York, NY: Irwin McGraw-Hill.
- Glazer, M. 1983. Ten whistle-blowers and how they fared. *Hastings Center Report* (December): 33–41.
- Goodnow, J., A. Burns, and G. Russell. 1989. Australian families. In *Australian Society*, edited by K. Hancock, 23–43. Sydney, Australia: Cambridge University Press.

- Gray, S. J. 1988. Toward a theory of cultural influence on the development of accounting systems internationally. *Abacus* 24 (1): 1–15.
- Greenberger, D., M. Miceli, and D. Cohen. 1987. Oppositionists and group norms: The reciprocal influence of whistle blowers and co-workers. *Journal of Business Ethics* 6: 527–542.
- Hofstede, G. 1980. *Culture's Consequences: International Differences of Work Related Values*. Beverly Hills, CA: Sage Publications, Inc..
- . 1983a. *Culture and Management Development*. Geneva, Switzerland: International Labour Office.
- . 1983b. The cultural relativity of organizational practices and theories. *Journal of International Business Studies* (Fall): 75–89.
- . 1984. Cultural relativity of the quality of life concept. *Academy of Management Review*: 389–398.
- , and M. H. Bond. 1988. The Confucius connection: From cultural roots to economic growth. *Organizational Dynamics*: 5–21.
- . 1994. *Values Survey Module 1994: Manual*. Tilburg, The Netherlands: Institute for Research on Intercultural Cooperation.
- Hooks, K. L., S. E. Kaplan, and J. J. Schultz, Jr. 1994. Enhancing communication to assist in fraud prevention and detection. *Auditing: A Journal of Practice & Theory* 13 (Fall): 86–117.
- Huck, S. W., W. H. Cormier, and W. G. Bounds, Jr. 1974. *Reading Statistics and Research*. New York, NY: Harper & Row.
- Institute of Chartered Accountants of India. 2001. The History. Available at: http://www.icai.org/institute/i_history.html.
- Jaggi, B. L. 1979. The impact of the cultural environment on financial disclosures. In *Notable Contribution to the Periodical International Accounting Literature—1975–78*. Sarasota, FL: American Accounting Association.
- Kangayappan, K. 1992. The caste system: Social stratification in India. *Asian Thought and Society* (Jan-April): 42–50.
- Kant, I. 1964. *Foundations of the Metaphysics of Morals*. Translated by H. J. Paton. New York, NY: Harper & Row Publishers.
- Kao, J. 1993. The worldwide web of Chinese business. *Harvard Business Review* (March-April): 24–36.
- Kerlinger, F. N. 1986. *Foundations of Behavioral Research*. Third edition. New York, NY: Holt, Rinehart & Winston.
- Kessler, P. 1985. How the game of budget control is played in different countries. Paper presented at the *ELASM Workshop on Accounting and Culture*, Amsterdam, The Netherlands.
- King, A. Y. C., and M. H. Bond. 1985. The Confucian paradigm of man: A sociological view. In *Chinese Culture and Mental Health*, edited by W. S. Tseng and D. Y. H. Wu, 29–46. New York, NY: Academic Press.
- Kinney, W. 1986. Audit technology and preferences for auditing standards. *Journal of Accounting and Economics* (March): 73–89.
- Knapp, M. C. 1993. *Contemporary Auditing: Issues and Cases*. Los Angeles, CA: West Publishing Co.
- Lampe, J. C., and D. W. Finn. 1992. A model of auditors' ethical decision processes. *Auditing: A Journal of Practice & Theory* (Supplement): 33–59.
- Lang, O. 1968. *Chinese Family and Society*. New Haven, CT: Yale University Press.
- Liu, I. 1986. Chinese cognition. In *The Psychology of the Chinese People*, edited by M. H. Bond, 73–102. Hong Kong, PRC: Oxford University Press.
- Lu, M. 1983. *Confucianism: Its Relevance to Modern Society*. Singapore, PRC: Federal Publishers Ltd.
- Marriott, M. 1976. Hindu transactions: Diversity without dualism. In *Transactions and Meaning Directions in the Anthropology of Exchange and Symbolic Behavior*, edited by B. Kapferer. Philadelphia, PA: Institute of the Study of Human Issues.
- Martin, A., and J. Dixon. 2002. CPA news. *Australian CPA* 72 (5): 76.
- Meier, M., and L. Rittenberg. 1986. Dealing with known corporate wrongdoing. *The Internal Auditor* (April): 37–39.
- Miceli, M. P., and J. P. Near. 1984. The relationship among beliefs, organizational position and whistleblowing status: A discriminant analysis. *Academy of Management Journal* 27: 687–705.

- , and ———. 1992. *Blowing the Whistle: The Organizational and Legal Implications for Companies and Employers*. New York, NY: Lexington Books.
- , ———, and C. R. Schwenk. 1991. Who blows the whistle and why? *Industrial and Labor Relations Review* 45 (1): 113–130.
- Mitchell, I. 1995. Correspondents whistle-blowing. *Chartered Accountants Journal* (March): 79.
- Mueller, G. G., H. Gernon, and G. Meek. 1991. *Accounting: An International Perspective*. Burr Ridge, IL: Richard D. Irwin.
- Near, J., and M. Miceli. 1985. Organizational dissidence: The case of whistle-blowing. *Journal of Business Ethics* (4): 1–16.
- , and ———. 1986. Retaliation against whistle blowers: Predictors and effects. *Journal of Applied Psychology* 71: 137–145.
- Nobes, C., and R. H. Parker. 1995. *Comparative International Accounting*. 4th edition. Harlow, U.K.: Prentice Hall.
- Nunnally, J. C. 1978. *Psychometric Theory*. Second edition. New York, NY: McGraw-Hill Book Co.
- Parker, C. 2001. *Accounting 2001 Handbook*. Sydney, Australia: Prentice Hall, Inc.
- Patel, C. 2001a. Some theoretical and methodological suggestions for cross-cultural accounting studies. Paper presented at *Emerging Issues in International Accounting Conference*, August.
- . 2001b. *Cultural Influences on Judgments of Professional Accountants*. Ann Arbor, MI: Bell and Howell Company.
- , G. L. Harrison, and J. L. McKinnon. 2002. Cultural influences on judgments of professional accountants in auditor-client conflict resolution. *Journal of International Financial Management and Accounting* 13: 1–31.
- Phegade, G. D. 1997. All this business about ethics. *Indian Management* (July): 75–78.
- Ponemon, L. A. 1990. Ethical judgments in accounting: A cognitive-developmental perspective. *Critical Perspectives on Accounting* 1 (2): 191–215.
- . 1994. Comment: Whistle-blowing as an internal control mechanism: Individual and organizational considerations. *Auditing: A Journal of Practice & Theory* 13 (2): 118–130.
- Pratt, J., and P. Beaulieu. 1992. Organizational culture in public accounting: Size, technology, rank, and functional area. *Accounting, Organization and Society* 17 (7): 667–684.
- Radebaugh, L. H., and S. J. Gray. 1993. *International Accounting and Multinational Enterprises*. Third edition. Toronto, Ontario, Canada: John Wiley.
- , and ———. 2002. *International Accounting and Multinational Enterprises*. Fifth edition. New York, NY: John Wiley & Sons.
- Redding, G., and G. Y. Y. Wong. 1986. The psychology of Chinese organizational behavior. In *The Psychology of the Chinese People*, edited by M. H. Bond, 267–293. Hong Kong, PRC: Oxford University Press.
- Reidenbach, R. E., and D. P. Robin. 1988. Some initial steps toward improving the measurement of ethical evaluations of marketing activities. *Journal of Business Ethics* 7: 871–879.
- , and ———. 1990. Toward the development of a multidimensional scale for improving evaluations of business ethics. *Journal of Business Ethics* 9: 639–653.
- Roland, A. 1984. The self in India and America. In *Designs of Selfhood*, edited by V. Kavolis. Madison, NJ: Associated University Press.
- Rossi, P. H., J. D. Wright, and A. B. Anderson. 1983. *Handbook of Survey Research*. Orlando, FL: Academic Press.
- Saudagaran, S. M. 2003. *International Accounting: A User Perspective*. Second edition. Mason, OH: Thomson South-Western.
- Schulberg, L. 1968. *Historic India Great Ages of Man: A History of the World Culture Series*. Amsterdam, The Netherlands: Time-Life International.
- Schultz, J. J., D. A. Johnson, D. Morris, and S. Dyrnes. 1993. An investigation of the reporting of questionable acts in an international setting. *Journal of Accounting Research* 31 (Supplement): 75–103.
- Seah, T. 1998. Legal and regulatory framework—Financial reporting in Malaysia. *ACCA Students' Newsletter* (June): 18–19.
- Selvadurai, S. 1997. Leadership in the co-operatives. *Indian Management* (July): 40–45.

- Shah, P. N. 2001. Evolution and use of accounting standards in India. *Institute of Chartered Accountants' Journal*: 1-9.
- Shaub, M. K., D. W. Finn, and P. Munter. 1993. The effects of auditors' ethical orientation on commitment and ethical sensitivity. *Behavioral Research in Accounting* 5: 145-169.
- Shils, E. 1961. *The Intellectual between Tradition and Modernity: The Indian Situation*. The Hague, The Netherlands: Mouton Press.
- Sims, R. J., and J. P. Keenan. 1998. Predictors of external whistleblowing. *Journal of Business Ethics* (March): 411-421.
- Singer, 1994. *Ethics*. Oxford, U.K.: Oxford University Press.
- Sinha, J. B. P., and D. Sinha. 1990. Role of social values in Indian organizations. *International Journal of Psychology* 25 (5/6): 705-714.
- Soeters, J., and H. Schreuder. 1988. The interaction between national and organizational cultures in accounting firms. *Accounting, Organizations and Society* 13 (1): 75-85.
- Somers, M. J., and J. C. Casal. 1994. Organizational commitment and whistle-blowing. *Group & Organizational Management* 19 (September): 270-284.
- Stover, L. E. 1974. *The Cultural Ecology of Chinese Civilization*. New York, NY: New American Library.
- Tabachnick, B. G., and L. S. Fidell. 1989. *Using Multivariate Statistics*. New York, NY: Harper Collins Publishers.
- Tay, J. S. W. 1993. Malaysia. In *Financial Reporting in West Pacific Rim*, edited by T. E. Cooke, and R. H. Parker, 231-263. London, U.K.: Routledge.
- Thorne, L. 2000. The development of two measures to assess accountants' prescriptive and deliberative moral reasoning. *Behavioral Research in Accounting* (12): 139-169.
- Time Magazine*. 1997. Bound for glory. (January 13): 26-30.
- Triandis, H. C. 1994. *Culture and Social Behavior*. New York, NY: McGraw Hill Inc.
- . 1995. *Individualism and Collectivism*. Boulder, CO: Westview Press Inc.
- Trompenaars, F. 1993. *Riding the Waves of Culture Understanding Cultural Diversity in Business*. London, U.K.: Nicholas Brealey Publishing Ltd.
- Tsalikis, J., and O. Nwachukwu. 1989. Cross-cultural business ethics: Ethical beliefs differences between black and white. *Journal of Business Ethics* 7: 45-63.
- Tyson, T. 1990. Believing that everyone else is less ethical: Implications for work behavior and ethics instruction. *Journal of Business Ethics* 9: 715-721.
- . 1992. Does believing that everyone else is less ethical have an impact on work behavior? *Journal of Business Ethics* 11: 707-717.
- Waters, M. 1990. *Sociology One: Principles of Sociological Analysis for Australians*. Melbourne, Australia: Longman Cheshire.
- Watkins, D., and S. Cheung. 1995. Culture, gender, and response bias. *Journal of Cross-Cultural Psychology* 26 (5): 490-504.
- Wheeler, R., M. Felsing, and T. Reilly. 1987. Large or small CPA firms: A practitioner's perspective. *CPA Journal* (April): 29-33.
- Withers, G. 1989. Living and working in Australia. In *Australian Society*, edited by K. Hancock, 1-22. Sydney, Australia: Cambridge University Press.
- Zimmerman, C. C., and T. K. N. Unnithan. 1975. *Family and Civilisation in the East and the West*. Bombay, India: Thacker & Co. Ltd.