

EXPLORING GROUP EFFECTS ON INDIVIDUAL ETHICAL JUDGEMENTS AND WHISTLEBLOWING DECISIONS OF ACCOUNTANCY STUDENTS

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Abstract *Public confidence in the finance industry has been shaken by the numerous accounting scandals and corporate failures in recent years. These events have damaged the high regard and perceived integrity of professional accountants. As university students are prospective business leaders, it is important to develop their ethical reasoning and judgement to uphold the professionalism and justice in society. In this study, we examine the ethical judgement of final year accountancy students using brief vignettes that describe scenarios such as violations of codes of ethics, involvement in fraudulent activities, and earnings management. The various scenarios are commonly encountered by certified public accountants (CPA). In particular, we used a survey questionnaire to obtain 120 final year accountancy students' perceived ethical responses to 6 vignettes together with their whistleblowing responses to each vignette, from inaction to internal or external whistleblowing. After they completed their individual answers, the students were requested to form groups of three to four members to provide group responses to the same set of vignettes. The results of this study provide evidence that prospective CPA can be encouraged to think independently, work collaboratively and enhance their ethical sensitivity and judgement through participating in group discussions. The limitations of the study are identified along with suggestions for future studies.*

Keyword: *Ethics, Ethics Education, Ethical Judgement, Final Year Accountancy Students, Group Decision, Whistleblowing*

INTRODUCTION

In recent years, numerous accounting scandals have led the public to question the fiduciary duties of professional accountants. A number of comprehensive individual ethical decision models have been proposed in previous studies, which include factors such as cognitive moral development and commitment to targets such as organisations, departments, supervisors and codes of ethics (Albrecht, Hill, & Albrecht, 2006; Cherry & Fraedrich, 2002; Jackson, Wood, and Zboja, 2013; Jones, 1991; Kohlberg, 1979; Rest, 1986; Trevino, Weaver, & Reynolds, 2006). For example, Rest (1986) developed a four-step ethical decision-making model that covers recognizing moral issues, making moral judgements, resolving moral concerns and acting on moral concerns. Moral awareness or sensitivity signifies the ability to interpret a situation in moral rather than contextual terms (Singhapakdi, 1999). Jones (1991) further suggested that moral intensity may influence individuals' ethical choices in Rest's (1986) four-step model. All of these studies have suggested that ethical behaviour is more likely among people with higher levels of cognitive moral development, courage and commitment to uphold their personal values, roles, and important goals.

Accounting is regarded as a type of business language. Financial reports are developed within a comprehensive financial reporting and conceptual framework that is designed to convey useful financial information to decision makers. From the agency theory perspective, practicing certified public accountants (CPAs) serve as monitoring agents who help reduce the asymmetric information between internal management and external shareholders (Scott, 2015). However, "the lack of a well-defined concept of net income" can cause controversies because a great deal of judgement must go into the process of income measurement (Scott, 2015, p.59). Although accountants are trained to be technically competent and to think analytically, it is judgement that makes accounting valuable. Hence, it is important for professional members to establish moral intent and to engage in moral behaviour to institute an ethical climate.

Ethics relates to social relationships and care for others. People show their concern for others with differing degrees of moral intensity (Jones, 1991). Individuals may internalize a social identity and be willing to put aside their personal interests for the benefit of the group (Turner, 1975). People may also exert different degrees of effort to identify with different groups. Similarly, people's ethical judgement and behaviour may depend on their identification with different roles or groups.

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In this study, the research objective is to understand the group effects in mediating individual decisions and actions on unethical issues. We examine whether individuals or groups act more ethically and courageously to combat wrongdoings in an accounting context. In particular, we examine accountancy students' perceptions of unethical and illegal scenarios, their responses in individual assessments before and after group processing and their collective decisions in groups. The findings of this study will help prospective CPAs to discern ethical issues and to explore their commitment to themselves or a group when they face dilemmas in the accounting context.

Specifically, we address the following research question:

RQ: Are there any differences between individual accounting student's ethical judgements and whistleblowing decisions in relation to different ethical dilemmas before and after group processing and when working together as a group?

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

A fundamental ethical issue in accounting stems from the asymmetric distribution of information between individuals and groups who have a stake in using or producing the information in financial reporting systems (Gaa, 2004). Financial information is complex because of the absence of a true net income (Scott, 2015). The diverse economic and social consequences of different stakeholders may cause further challenges to the accountancy profession.

Ethical Judgement and Whistleblowing

A number of comprehensive individual ethical decision models of how individuals develop and advance their judgement and decision processes have been proposed in previous studies (Albrecht *et al.*, 2006; Jones, 1991; Kohlberg, 1979; Rest, 1986). For example, Albrecht *et al.* (2006) proposed that individuals' ethical judgement gradually develops from personal understanding to higher level behaviour such as acting with ethical courage and leadership. Kohlberg (1979) and the colleague (Kohlberg & Hersh, 1977) suggested that cognitive moral development expands from personal to group interests and then advances to wider public concerns. Thorne (2000) contrasted accountants' prescriptive and deliberative moral reasoning and found that they might exercise professional judgement intuitively. Moreover, ethical judgements were significantly correlated with moral intensity, individual characteristics, perceived risk, perceived social acceptance and importance of the ethical issues contextually (Cherry & Fraedrich, 2002; Jones, 1991; Singhapakdi, 1999).

Ethical concerns are issue-contingent. According to Jones (1991), an ethical decision is defined as a decision that is both legal and morally acceptable to the larger community (p.367). Actors may unwittingly engage in malpractices because of their lower sensitivities to their social norms, especially when such practices are common in their field. O'Leary and Pangemanan (2007) found that individuals were more inclined to take a more ethical stance and be prepared to act as whistleblowers than groups. Previous studies also found positive relationship between ethics institutionalisation and financial performance and attributed the success to perceived higher team spirit and integrity (Koonmee, Singhapakdi, Virakul, & Lee, 2010; Marta, Singhapakdi, Lee, Sirgy, Koonmee, & Virakul, 2013). Similarly, Vandekerckhove and Commers (2004) suggested that resourceful organisations help institutionalise whistleblowing mechanism.

Whistleblowing is defined as "the disclosure by organisation members (former or current) of illegal, immoral or illegitimate practices under the control of their employers, to persons or organisations that may be able to effect action" (Near & Miceli, 1985). Alleyne, Hudaib, and Pike (2013) suggested that whistleblowers were influenced by personal, situational and organisational factors. In particular, Trongmateerut and Sweeney (2013) found that a collective identity will influence the subjective whistleblowing norms for accountants. Park, Blenkinsopp, and Park (2014) supported that group norms could positively affect the respondents' whistleblowing attitude. Fischer and Huddart (2008) also found that the agents' personal costs and perceived sensitivities to their social norms could change the financial incentives required for them to engage in an undesirable action. Ultimately, whistleblowing decisions are correlated to individuals' personal value orientations, anticipatory socialisation in the profession and the perceived importance of the ethical issues (Elias, 2008). The goal of a whistleblowing mechanism includes an appropriate response to end and correct the wrongdoings. Thus, whistleblowing is an act of prosocial behaviour that warrants the accountancy profession places more research effort to reassure it if necessary.

In summary, previous studies showed that whistleblowers are motivated by different incentives. This study will examine the group effect of individuals' ethical judgement and their corresponding whistleblowing decisions in vignettes of high or low moral intensity based on Jones' (1991) model. Since group decisions are results of interactions between members, we argue that the group dynamics can change their ethical judgements and their corresponding whistleblowing responses.

Accounting Education and Group Ethical Decisions

Previous studies called for the enrichment of accounting education to improve the ethical judgement and behaviour (Albrecht *et al.*, 2006; McPhail, 2001; Li & Ma, 2012). Morgan (1988) suggested that accountants played a role to construct the “realities in many dimensions of which they are attempting to account for” (p. 484) when they recorded financial transactions. From this perspective, rather than simply practicing a technical craft, accountants should be required to exercise judgement throughout the accounting process. Accounting students need to be taught to be skeptical about the wider social and political dimensions (Scott, 2015). Thus, accounting students have to be nurtured with wider social and ethical perspectives to communicate the dynamic business environment in the financial reports (Albrecht *et al.*, 2006; Li & Ma, 2012).

Teamwork is common in CPA firms. From a resources viewpoint, groups draw on the wide expertise of their different members, show the superiority of the dominant members and improve decision consistency (Mintz & Morris, 2011). Previous studies have shown mixed results on whether group ethical reasoning is superior to individual ethical reasoning (Abdolmohammadi & Reeves, 2003; Nicholas & Day, 1982; O’Leary & Pangemanan, 2007). For example, Nicholas and Day (1982) asked business students to complete Rest’s defining issues test (DIT) as a group and found that the group arrived at decisions that showed a higher level of moral reasoning than the average individual members’ decisions. O’Leary and Pangemanan (2007) provided evidence that groups were more prepared to take a neutral stance than individuals. According to Janis (1972), groupthink emerged when individual members were motivated to strive for unanimity more than problem solving. To build effective teams, open communications between team members are important to achieve the group goals (Lencioni, 2002). Thus, social influence may be an important determinant of ethical judgements and whistleblowing responses. However, the existing research has produced conflicting results on group dynamics.

To conclude, individuals and groups make ethical judgements for various reasons, including concerns over costs and the effects on personal and public interests. As noted above, several empirical studies have examined ethical decision-making and identified the group effects on individual ethical response. Specifically, groups tend to moderate individual decisions, leading to more unethical judgements of particular scenarios. Therefore, we propose the following hypotheses:

H1: There are significant differences between the ethical judgements of individuals and group. Specifically,

H1a: Group judgements tend to be more unethical than pre-group individual judgements.

H1b: Post-group individual judgements tend to be less unethical than group judgements.

H2: There are significant differences between individual ethical judgements before and after group intervention. Specifically, post-group individual judgements intervention tends to be more unethical than pre-group intervention.

Similarly, we argue that group intervention also affects individual whistleblowing responses such that the individual responses are more likely to endorse extreme actions. For example, individuals are more likely to stay silent when they make their decisions alone. However, individuals also tend to seek professional advice, report management and even report to the media. Therefore, we propose the following hypotheses:

H3: There are significant differences between the whistleblowing decisions of individuals and groups. Specifically,

H3a: Group whistleblowing responses are more likely to endorse extreme actions than pre-group individual responses.

H3b: Post-group individual whistleblowing responses are more likely to endorse less extreme actions compared with group whistleblowing decisions.

H4: There are significant differences between individual whistleblowing decision before and after group intervention. Specifically, post-group individual whistleblowing decisions are more likely to endorse taking extreme actions than the pre-group individual decisions.

METHODOLOGY

Subjects

This study employed cluster sampling where all the students enrolled in the Advanced Auditing course operated by the Accounting Department in a local university were examined. The course was selected because it was directly relevant to the context under investigation. The respondents were full-time final year accountancy students at a local university in Hong Kong. The participants were aged from 21 to 25 years, with an average age of 22.24. The study was conducted in the 2013 fall semester. Data were collected from a total of 120 final year accountancy students who elected the Advanced Auditing course. The respondents participated voluntarily and their anonymity was maintained. In this study, 6 vignettes were adapted from three prominent papers using validated instruments to support a clear ethical theme in the accounting context.

Instrument

A previously validated survey instrument was used to obtain self-reported information from the respondents (Gall, Borg, & Gall, 1996). The questionnaire was divided into two main parts. The first part collected basic personal information about the respondents, such as gender, age, academic results and career preferences between public accounting firms, the commercial sector and other fields. In the second part, the respondents were asked to give their opinion on the perceived acceptability of the 6 vignettes and the respective follow-up actions. All of the items were adapted from prior validated scales and were measured using a 7-point Likert-scale, ranging from 1 (absolutely unethical) to 7 (absolutely ethical).

Specifically, the question items were adapted from previous validated studies. The respondents were asked to answer three vignettes adapted from Douglas, Davidson, and Schwartz (2001), two vignettes from O'Leary and Pangemanan (2007), and the last one from Fischer and Rosenzweig (1995). The first three vignettes portray situations involving confidentiality (V1), lowballing (V2) and favor for potential client (V3). The next three vignettes depict situations including accepting a bribe to keep silent regarding improper accounting practices (V4), falsifying resume for personal career pursuit (V5), and managing earnings under pressure (V6). Douglas *et al.* (2001) classifies ethical judgement measures of V1 as low and V2 and V3 as high based on Jones' (1991) moral intensity model. We attempt to follow Douglas *et al.*'s (2001, p.108) reasoning to classify V4 and

Table 1: Summary of the Six Vignettes (Brief Description, Ethical Issue Under Concern and the Measurement Rationale)

Vignette 1 – 3: Focused on acceptability of other Certified Public Accountants (CPA) response to unethical issues for CPAs in public practice (Douglas, Davidson, & Schwartz, 2001, p.118)
<p>Vignette 1 – <i>“CPA X is approached by a prospective client, a current Chief Officer of a large existing client corporation. The Chief Officer discloses that he and some colleagues are considering forming their own corporation which could compete with their employer. CPA X does not reveal the scheme to his client.”</i> <i>Explanation of the scenario:</i> Senior management of CPA's existing client consults CPA firms to start their own business to compete to the CPA's client. <i>Underlying ethical issue in concern:</i> Confidentiality <i>Scenario target:</i> CPA <i>Expected measurement:</i> Low moral intensity</p>
<p>Vignette 2 – <i>“CPA X is developing a bid for a new major client. The client has already expressed to X what he expects the bid to be. X knows that the fee the client demands is significantly below the cost of rendering the services and that the audit will lose money in the first few years. However, the expectation is that the firm will be able to raise the audit fee a few years down the road to generate a profit. CPA X deliberately sets the bid significantly below cost.”</i> <i>Explanation of the scenario:</i> Client request CPA firm to set the bid below cost. <i>Underlying ethical issue in concern:</i> Lowballing <i>Scenario target:</i> CPA <i>Expected measurement:</i> High moral intensity</p>
<p>Vignette 3 – <i>“CPA X has had several meetings with a potential client, the CEO of a very large and profitable company. The potential client asks X to arrange a position for his son as a staff auditor in another office of the firm. Although the son is bright, he probably would not have otherwise been given an offer. CPA X recommends making the potential client's son an offer.”</i> <i>Explanation of the scenario:</i> Potential client request CPA firm to arrange a position for his son. <i>Underlying ethical issue in concern:</i> Favor for potential client <i>Scenario target:</i> CPA <i>Expected measurement:</i> High moral intensity</p>
Vignette 4 -6 – Focused on acceptability of other Certified Public Accountants (CPA) response to unethical or illegal acts for accountants in business sector (Vignette 4 & 5 from O'Leary & Pangemanan, 2007, p.219; Vignette 6 from Fischer & Rosenzweig, 1995, p.442)
<p>Vignette 4 – <i>“An assistant accountant working in a chemical company is offered a once-off payment by the Chief Accountant to keep silent regarding improper accounting practices.”</i></p>

Explanation of the scenario: Offer a bribe to simply keep silent regarding improper accounting practices.

Underlying ethical issue in concern: Opportunity for personal gain

Scenario target: Accountant

Expected measurement: High moral intensity

Vignette 5 –

“An assistant auditor falsifies his/ her resume in submitting application for a job.”

Explanation of the scenario: Falsify resume for personal benefit

Underlying ethical issue in concern: Motivate by personal advancement

Scenario target: Accountant

Expected measurement: High moral intensity

Vignette 6 –

“The general manager (GM) realised that his division would need strong performance in the fourth quarter to meet its target profits. Though the market prospect is not good, the GM ordered the financial controller not to write off the obsolete inventory until next year.”

Explanation of the scenario: Pressure from senior management to manipulate earnings –whether accountants should follow management request or the professional rules is controversial

Underlying ethical issue in concern: Defer expensing obsolete inventory to future period; Thus, accountants face a challenge to strike a balance between taking a fiduciary role to report the true earnings and serving a management role to meet the target profits

Scenario target: Accountant

Expected measurement: Low moral intensity

V5 as high and V6 as low based on the six characteristics of Jones' moral intensity model. Table 1 summarises the brief vignettes, ethical issue under concern and the measurement rationale.

Data Collection

Hard copies of the one-page, two-sided questionnaire were given to the instructors of the selected classes. The instructors distributed the questionnaires to four classes of the Advanced Auditing course. The respondents were given sufficient time to make their individual ethical judgement and the corresponding whistleblowing responses for each vignette. The respondents were then formed into groups and given as much time as they needed to discuss each of the 6 vignettes and to come up with group decisions. Finally, the respondents were dismissed from the groups and asked to return to their own seats. They were given sufficient time to rethink their responses and to write down their decisions, using the same scale of 1 to 7. All of the data were input into SPSS for further descriptive and means differences analyses.

FINDINGS

Descriptive Analysis of Subjects

The descriptive statistics of the respondents are presented in Table 2.

Table 2: Descriptive Statistics of the Respondents

Items	Descriptive Statistics
- Gender	Male – 38 (31.7%); Female – 82 (68.3%)
- Age	21 – 25 (22.24 -mean)
- GPA (M, SD)	CGA: (2.64, 0.410); GPA: (2.73, 0.31)
- Career preference	Public Accounting Firm: 59 (49.2%); Commercial: 34 (28.3%) Other: 21 (17.5%) Missing: 6 (5%)

Note. (N = 120)

Ethical Judgement Decisions

Table 3 summarises the descriptive statistics of the data on the respondents' ethical judgement decisions collected at the three data points, My Answer (Pre), Group Answer (Group) and My Post Answer (Post). The respondents were given as much time as they needed to first read each of the 6 vignettes and then write down their individual ethical judgements on a scale of 1 (absolutely unethical) to 7 (absolutely ethical).

To analyse whether there were any significant differences between the data points, a paired-sample t-test was conducted. The results for each of the 6 vignettes and each of the paired data points are summarised in Table 3.

Means of the Respondents' Ethical Judgement Decisions on the Proposed Unethical Scenarios

The individual answers, group discussion answers and after group individual answers for Vignettes 1 to 3 had means

Table 3: Summary of the Descriptive Statistics and Paired-Sample T-Test Results of the Respondents' Ethical Judgement Decisions

Vignettes	M			Paired-sample t-test		
	My Answer (Pre)	Group Answer (Group)	My Post Answer (Post)	Pre - Group	Group - Post	Pre - Post
1	3.32	3.11	3.12	* ($p < .05$) Pre > Group	* ($p < .05$) Group < Post	<i>n-s</i> Pre > Post
2	3.09	3.18	3.11	<i>n-s</i> Pre < Group	<i>n-s</i> Group > Post	* ($p < .05$) Pre < Post
3	2.5	2.46	2.54	<i>n-s</i> Pre > Group	<i>n-s</i> Group < Post	* ($p < .05$) Pre < Post
4	1.36	1.16	1.21	** ($p < .01$) Pre > Group	** ($p < .01$) Group < Post	* ($p < .05$) Pre > Post
5	1.69	1.73	1.7	<i>n-s</i> Pre < Group	<i>n-s</i> Group > Post	<i>n-s</i> Pre > Post
6	2.46	2.45	2.41	<i>n-s</i> Pre > Group	<i>n-s</i> Group > Post	<i>n-s</i> Pre > Post
				H1a: <i>Partially Supported</i>	H1b: <i>Partially Supported</i>	H2: <i>Partially Supported</i>

ranging between 2.5 and 3.32, 2.46 and 3.18, and 2.54 and 3.12, respectively. With reference to the scale ranging from 1 (absolutely unethical) to 7 (absolute ethical), with 4 indicating neither unethical nor ethical, the respondents' ethical judgements were moderately unethical. The respondents' moderately unethical judgement decisions also showed that they perceived the issues were unethical and not acceptable, but also recognised that the difficulties CPAs faced to risk their business prospects. The individual answers, group discussion answers and after group individual answers for Vignettes 4 to 6 had means ranging between 1.36 and 2.46, 1.16 and 2.45, and 1.21 and 2.41, respectively. The very low scores showed that the respondents made consistent judgements on the prescribed scenarios, which clearly violated the legal and professional framework. The findings were also interesting as the group discussion answers were not the lowest. The means of the after group discussion individual judgements were even lower than the group discussion answers. For these complicated vignettes, the group discussion had a somewhat neutralizing effect (O'Leary & Pangemanan, 2007).

Paired Samples t-Test

First, significant differences were found in Vignette 1 (Pre > Group, $p < .05$) and 4 (Pre > Group, $p < .01$) where Group decision were more unethical. Although Vignettes 3 and 6 were not found significantly different, the means showed the same direction as hypothesized (Pre > Group). These results partially supported H1a.

Second, significant differences were found in Vignette 1 (Group < Post, $p < .05$) and 4 (Group < Post, $p < .01$) where

Group decision were more unethical. Although Vignette 3 was not found significantly different, the means showed the same direction as hypothesized (Group < Post). These results partially supported H1b.

Third, significant difference was found in Vignette 4 where Group exerted effects on individual decision making, Post-group decision was more unethical than Pre-group decision (Pre > Post, $p < .05$), partially supported H2.

In summary, the respondents demonstrated consistent ethical decision making over the proposed scenarios and made the expected ethical decisions. The revised ethical decisions after the group processing might show that social influences extended beyond the community circle. The results gave insight that social interactions and group discussions were important to cultivate ethical culture. By integrating the various vignettes in this study, we contributed to elicit the social influences with different moral intensity in the accounting context (Jones, 1991).

Whistleblowing Responses

Table 4 summarises the descriptive statistics of the data on whistleblowing responses at the three data collection points, My Answer (Pre), Group Answer (Group) and My Post Answer (Post). The respondents were given as much time as they needed to first read each of the 6 vignettes and then write down their individual whistleblowing responses by indicating their preferred action in relation to each of the 6 vignettes, ranging from 1 (no further action), 2 (seek professional advice), 3 (report to internal governance body), 4 (report to external governance body) to 5 (report to media).

To analyse whether there were any significant differences between the data points, a paired-sample t-test was conducted. The results of each of the 6 vignettes and each of the paired data points are summarised in Table 4.

Means of Respondents' Whistleblowing Responses

The individual whistleblowing responses, group discussion whistleblowing responses, and individual whistleblowing responses after group discussions had means ranging between 1.95 and 3.44, 2.11 and 3.53, and 2.13 and 3.53, respectively. The respondents' whistleblowing responses were consistent with their ethical judgement decisions. The moderately unethical judgement decisions in vignette 1 tended to be linked with taking mild whistleblowing actions, whereas the absolutely or highly unethical decisions in vignette 4 tended to be linked with taking extreme actions such as reporting to external governance body.

Paired Samples t-Test

First, significant differences were found in Vignette 5 (Pre < Group, $p < .01$) and 6 (Pre < Group, $p < .05$) where Group decision were more vigorous whistleblowing effects. Although Vignette 1, 2, 3, and 4 were not found significantly different, the means showed the same direction

as hypothesized (Pre < Group). These results partially supported H3a.

Second, significant differences were found in Vignette 1 (Group < Post, $p < .01$) and 5 (Group < Post, $p < .01$). Although Vignette 2 and 3 were not found significantly different, the means showed the same direction as hypothesized (Group < Post). These results partially supported H3b.

Third, significant difference was found in Vignette 2 and 3 (Pre < Post, $p < .05$) where group exerted more vigorous whistleblowing effects on individual decision making, post-group decision was more vigorous than pre-group decision. Although Vignette 1, 4, 5, and 6 were not found significantly different, the means showed the same direction as hypothesized (Pre < Post). Overall, these results partially supported H4.

In summary, the respondents gave more extreme whistleblowing responses in all vignettes no matter the moral intensity was classified as high or low based on Jones' (1991) model. However, the group dynamics on ethical judgements were mixed. For example, the respondents demonstrated higher unacceptability in vignette 1 and 6, which were classified as low moral intensity. By integrating the various scenarios and taking different stakeholders into consideration, this study also provided a more comprehensive assessment of whistleblowing responses compared with previous studies (O'Leary & Pangemanan, 2007; Elias, 2008).

Table 4: Summary of the Descriptive Statistics and Paired-Sample T-Test Results for the Whistleblowing Responses

Vignettes	M			Paired-sample t-test		
	My Answer (Pre)	Group Answer (Group)	My Post Answer (Post)	Pre - Group	Group - Post	Pre - Post
1	1.95	2.11	2.13	<i>n-s</i>	* ($p < .05$)	<i>n-s</i>
				Pre < Group	Group < Post	Pre < Post
2	2.25	2.26	2.28	<i>n-s</i>	<i>n-s</i>	* ($p < .05$)
				Pre < Group	Group < Post	Pre < Post
3	2.43	2.48	2.49	<i>n-s</i>	<i>n-s</i>	* ($p < .05$)
				Pre < Group	Group < Post	Pre < Post
4	3.44	3.53	3.53	<i>n-s</i>	<i>n-s</i>	<i>n-s</i>
				Pre < Group	Group = Post	Pre < Post
5	3.1	3.28	3.31	** ($p < .01$)	** ($p < .01$)	<i>n-s</i>
				Pre < Group	Group < Post	Pre < Post
6	2.57	2.73	2.71	* ($p < .05$)	* ($p < .05$)	<i>n-s</i>
				Pre < Group	Group > Post	Pre < Post
				H3a: <i>Partially Supported</i>	H3b: <i>Partially Supported</i>	H4: <i>Partially Supported</i>

DISCUSSION

In this study, we explored final year accountancy students' perceived acceptability of unethical issues and their corresponding whistleblowing responses before and after group discussions and their collective decisions in groups. The findings of this study could help institutions design ethical instructions and whistleblowing mechanism to inspire ethical judgements and behaviour.

Analysis of the Ethical Decision Making in the Proposed Scenarios

We used 6 ethical vignettes to determine whether working in groups would affect the ethical decisions of accountancy students. The first vignette was classified as low moral intensity scenario whereas the second and third vignettes were classified as high based on Jones' (1991) moral intensity model. The scenarios presented typical ethical dilemmas that practicing CPAs are likely to confront with their clients, such as confidentiality, fee issues and independence. The ethical acceptability of vignettes 1 to 3 ranged between 2.46 and 3.32; they were regarded as moderately unethical as they were below the neutral point of 4. The results supported that our respondents' ethical judgement was as acute as that of the CPAs in Douglas et al.'s (2001) study. Vignettes 4 and 5 were related to misconduct or illegal acts. Our results showed that these vignettes received the lowest acceptability, ranging from 1.16 to 1.73. Hence, the respondents demonstrated lower acceptability for issues in high moral intensity. This concurs with Jones' (1991) model, which includes magnitude of consequences and concentration of effect for contentious and illegal issues. Vignettes 6 involved financial ways to manage earnings. Fischer and Rosenzweig (1995) defined that "earnings management refers to actions of a manager which serve to increase (decrease) the current reported earnings of the unit for which the manager is responsible without generating a corresponding increase (decrease) in the long-term economic profitability of the unit" (p.434). Similarly, the respondents demonstrated higher acceptability, ranging from 2.41 to 2.46. Our results were consistent with Fischer and Rosenzweig's (1995) finding that accountants had a greater tolerance for earnings management. However, Elias (2002) found a positive relationship between social responsibility, focus on long-term gains and the ethical perception of earnings management. In fact, aggressive accounting policy variables will ultimately revert in future accounting period. The accountancy profession should consider specifying principles to control earnings management to avoid risking their reputation.

Vignette 1 received the most lenient mean scores of 3.11 and 3.12 for the group and post-group individual responses,

respectively. Vignette 4 was the most unacceptable scenario, with scores of 1.16 and 1.21 for the group and post-group individual responses, respectively. Vignette 4 involved an assistant accountant receiving a bribe to keep silent regarding improper accounting practices. Though the vignettes were complex, the consistent results demonstrated that the respondents were competent to apply their knowledge of ethical rules and principles. In summary, the respondents showed higher acceptance for common unethical practices in vignettes 1-3 and 6, which echoed Jones' (1991, p.376) moral intensity model because of the long existence of these practices.

The Effect of Group Work on the Ethical Decision Making of Individual Accountancy Students

Our first hypothesis (H1) predicted that there would be significant differences between individual ethical judgements and group ethical judgements. This was extended into two specific hypotheses that predicted (H1a) that group judgements would tend to be more unethical than individual judgements and (H1b) that post-group individual judgements would tend to be more unethical compared to pre-group individual judgements. Of the 6 vignettes used in the evaluation process, in four the means of the group decisions were lower than the means for the pre-group individual decisions. Two of the group means were significantly lower than the before group discussion means. Although the findings were weak, they showed partial support for hypothesis (H1a). Similarly, of the 6 vignettes used in the evaluation process, in three the means of the individual post-group decisions were higher than the means of the group decisions. Again, two of the means of the post-group individual decisions were significantly higher than the group decision means. This finding showed mild support for hypothesis (H1b). Together, the findings showed support for hypothesis (H1) that there is a significant difference between individual judgements and group ethical judgements. Group decisions tend to be more unethical than individual judgements. We then compared (H2) individual decisions before and after group discussion to further provide evidence of the group effect. It was found that in four of the 6 vignettes, the means of the individual decisions after group discussion were lower than the means of individual decisions before group discussion. One of the vignettes, V4 showed a significant result. Therefore, the findings provided further evidence of the group effect and supported hypothesis (H2).

These results are consistent with O'Leary and Pangemanan's (2007) finding that group dynamics intervened in individual ethical decision making, specifically that, "individual decisions were overall, more ethical than group decisions" (p. 223).

However, our results were different from O'Leary and Pangemanan's (2007) finding that groups were more prepared to take a neutral stance in whistleblowing decisions. This groupthink symptom describes a tendency among group members to conform to peer norms in ethical vignettes by taking a neutral stance. They further remarked that educators have to act cautiously when using group work and group assessments as students may not develop the personal virtues and characteristics needed to resist malpractice and uphold their professional identities in the group context. Conversely, Kramer and Dougherty (2013) suggested that groupthink should be examined through the communication process of the group, rather than the decision outcome. They suggested that a participative management style might provide a better ecology for group members to share their knowledge in an increasingly interconnected social world.

The Effect of Group Work on the Whistleblowing Responses of Individual Accountancy Students

Our third hypothesis (H3) predicted there would be significant differences between the individual and group whistleblowing responses. This was expanded into two specific hypotheses that predicted (H3a) that groups would be more likely to endorse taking extreme action than individuals; and that (H3b) the post-group individual whistleblowing responses would tend to be more extreme compared to the pre-group whistleblowing responses.

Of the 6 vignettes used in the evaluation process, all of the means of the group whistleblowing responses were higher than the means of the pre-group individual whistleblowing responses. Two of the group means were significantly lower than the before group discussion means. Therefore, statistically, there did not appear to be much difference between the whistleblowing responses of individuals and groups. However, the analysis of the means, although not statistically significant, offered evidence to the contrary and thereby partially supported hypothesis (H3a). Of the 6 vignettes used in the evaluation process, in four cases the means of the post-group individual whistleblowing responses were higher than the means of the group whistleblowing responses, and two of them showed statistically significant higher means. Thus hypothesis (H3b) was partially supported. Together, the findings showed mild and partial support for hypothesis (H3) that there is a significant difference between the individual and group whistleblowing responses. The group whistleblowing responses were more likely to endorse taking extreme actions than the individual responses. It should also be noted that these more extreme actions were still only moderately strong, being between reporting to the internal governance body and reporting to the external governance body. We then compared (H4)

the individual whistleblowing responses before and after the group discussions to provide further evidence on the group effect. The means of all of the 6 vignettes for the pre-group individual decisions were lower than the means for the post-group individual whistleblowing responses. Two of the vignettes showed statistically significant lower means. Therefore, statistically, there did not appear to be much difference between the pre- and post-group responses. However, although not statistically significant, the analysis of the differences in the means offered evidence to the contrary, thereby partially supported hypothesis (H4).

Specifically, the mean score of the whistleblowing responses for vignette 4 was the highest with scores of 3.44 and 3.53 for the individual and group responses, respectively, whereas vignette 1 was the lowest, with scores of 1.95 and 2.11 for the individual and group responses, respectively. For most of the vignettes, the means for the group and post-group individual responses were higher than those for the initial responses. This may indicate that the respondents were conservative and unwilling to disclose wrongdoings initially. After the group discussion process, the significant change might indicate that members communicate thoroughly to gain persuasive information before they endorsed taking more extreme whistleblowing responses. It echoed that groupthink can be either positive or negative (Janis, 1972, 1982). Groupthink is a mindset that exists as long as we work with other people. Groups can make the worst decision collectively when group members feel increasing pressure to conform. In order not to ruin the profound reputation of the accounting profession, it is important to examine further procedures to encourage group members to share their information without self-censorship and external threat (Janis, 1972, 1982).

Whistleblowing decisions are complex. Our study was exploratory in nature. The results indicated that the respondents' perceptions changed significantly in vignettes 1, 5 and 6. Since vignettes 1 and 6 were classified as low intensity, the results might suggest that social influences had a higher impact on socially accepted ethical dilemmas. Despite the expanded ethical topics in the accounting curriculum, it is important to examine different pedagogy to promote positive groupthink. For example, Scott (2015) suggested examining accountants' ethics by turning to their reputations and their cooperative behaviour. Social interactions can be better means to promote ethical responses in a group (Li, 2015).

Implications of Findings

The implications of this study are significant. The results supported the findings of some previous studies as groupthink exerted a significant effect on group responses. Group decisions tend to recognise the issues as more unethical and endorse taking more extreme whistleblowing

responses than individual judgements. It may be attributable to a higher perceived risk and ethical sensitivity in the group process. Our results might suggest that the smart and more individualistic generations showed respects to their peer norms in handling ethical judgements and whistleblowing decisions. Transparency and open discussions are important to inspire an ethical leadership in their circle.

Professional accountants are powerful because they possess information advantages over other stakeholders in the business context. The accountancy institutions have to be cautious to strike a balance between their fiduciary and managerial roles. A fair and participative work context can promote communications and ethical leadership. Furthermore, Wyatt's (2004) remarks that the accountancy profession needs to attract new talents who are committed to apply ethical principles in the work context. Otherwise, a decoupling effect can undermine the profession's core values. According to Meyer and Rowan (1977), decoupling refers to the situation in which the formal organisational practice is separate and distinct from actual organisational practice. A recent study showed that young people nowadays were expressive and might not embrace the views of others (Park, Twenge, & Greenfield, 2014). Our study can further extend to examine how an opinion leader emerges and exerts pressure on other members in handling the vignettes. Thus, enhancing prospective accountants' ethical judgements and responses was an important initiative. An early exposure to the ethical vignettes may enhance students' sense to handle these dilemmas.

Learning how to communicate well is important to generate positive groupthink in a social context. Trust is situated within a social context. It becomes a bonding between the leader and other participants. Such bonding develops further when the community members enjoy the social attachment and the relationship commitment in a group (Ma & Yuen, 2011). From a communication perspective, it is important for groups to remain critical and thoroughly discuss the issues before members have to reach consensus. In summary, groupthink is characterised by excessive efforts to reach a group consensus that can override the group's ability to make the most appropriate decision (Janis, 1982). Thus, a collective identity and sharing are important for building effective teams (Lencioni, 2002).

Ethical behaviour is to be supported by people with proper understanding of their responsibilities. Whistleblowing is considered an important resort for observers to take prompt actions to correct the wrongdoings. Thus, organisations have to devote resources to institutionalize whistleblowing internally (Vandekerckhove & Commers, 2004). How to generate positive collective identity is important for organisations to establish effective whistleblowing mechanism. The challenge for the profession is to train their members to communicate well and show mutual respect to

others in order to create positive groupthink. Good corporate governance needs to be built by members who treat others fairly and communicate well to strive for a shared vision.

Limitations and Future Research

Despite the usefulness of our findings, this study has several limitations. First, because our data were obtained from undergraduate students in a local university in Hong Kong, the findings may have limited generalisability. Second, the ethical vignettes were brief and hypothetical and the respondents may have behaved differently in real-life situations that involve wider personal, social and organisational contexts and more anticipated confrontation. In future studies, our instrument can be adapted for qualitative research on the ethical rationale of individuals and the endorsement of group leadership in the ethical decision-making process. Further studies may also consider factors such as personal values, sample size, gender, cognitive learning styles in order to provide triangulation of evidence to support the group mediation effects. Besides, it is suggested that in the future, a longitudinal study can explore the group dynamics at different stages in order to strengthen the external validity of the conclusion. Finally, our results should be interpreted cautiously because Advanced Auditing is an elective course in our institution, thus there may be a self-selection bias in our data.

CONCLUSION

In conclusion, we found evidence of group effects on respondents' individual ethical judgement and whistleblowing responses, although the findings were not statistically significant. Overall, individual decisions tended to be more ethical than group decisions and individual whistleblowing responses were more likely to endorse less extreme actions. Ethical judgements and whistleblowing decisions are complex. When individuals and groups exercise judgements on an ethical issue, the moral intensity depicts the importance of social influences. The individual respondents may perceive a lower accountability when responded alone whereas the socialisation process in group discussion allows the moral reputation to spell out and undermine their personal costs. Overall, the results of our study provide evidence that accounting students can be encouraged to think independently, work collaboratively and sharpen their ethical awareness and judgement by participating in group discussions.

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