

The Impact of Moral Identity and Societal Culture on Whistle-Blowing: A Comparison Between the United States and France

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Introduction

In the 2018 *Report to the Nations on Occupational Fraud and Abuse*, the Association of Certified Fraud Examiners (ACFE) reported that employee whistle-blowing was more effective in identifying fraud than were vendor and customer tips, internal audits, external audits, other internal controls, notification by police, or accidental discovery (ACFE, 2018). The ACFE estimated that the median loss caused by an occupational fraud was \$130,000 with approximately twenty-two percent of the losses involving at least one million dollars (ACFE, 2018). The ACFE also found that U.S. organizations lose five percent of revenues annually to fraud (ACFE, 2018). If applied to the 2017 Gross World Product, five percent would translate into an approximate loss of four trillion dollars worldwide (ACFE, 2018). Given that fraud is costly, and whistle-blowing is such an effective control tool, it is important to understand the factors that influence whistle-blowing.

Blowing the whistle is believed to be influenced by individual, situational, and organizational factors. Examples of individual factors affecting whistle-blowing would be demographic variables such as education, moral development, and gender or job situation status such as pay, tenure, and performance. Examples of situational factors might include type and seriousness of wrongdoing, or societal culture. Organizational factors might include organizational culture and supportiveness, industry, and the perceived fairness of whistle-blowing channels (Miceli *et al.*, 2008). This study extends the literature on individual and situational factors influencing whistle-blowing by examining the constructs of moral identity and societal culture.

The subjects for this study are students from the U.S. and France. The instrument measuring whistle-blowing perceptions, moral identity, and demographic information was administered to students in the classroom as part of an extra credit assignment. The results of this study are that both moral identity and societal culture positively affect the perceived likelihood of whistle-blowing.

The remainder of the article is organized as follows. The background presents the literature review and research hypotheses. The research design reports the experimental methods used to test the hypotheses. Results of the study are next presented. A discussion of the implications and limitations of the study are presented last.

Background

Whistle-Blowing Defined and Prior Accounting Research on Whistle-Blowing

Near and Miceli (1985) define whistle-blowing as: “the disclosure by organization members of illegal, immoral, or illegitimate practices under the control of their employers, to persons or organizations that may be able to effect action.” They define an illegal act as any crime which is punishable under law, an immoral act as one that is perceived by the whistle-blower to be wrong, and an illegitimate practice as an action that is interpreted by the whistle-blower to be beyond the organization’s authority.

Prior accounting research on whistle-blowing has been diverse. For example, accounting researchers have examined moral reasoning and whistle-blowing (Arnold and Ponemon, 1991; Finn and Lampe, 1992; Ponemon, 1994; Chung *et al.*, 2004), culture and whistle-blowing (Schultz *et al.*, 1993; Patel, 2003), whistle-blowing in an audit context (Kaplan, 1995), blowing the whistle on consultants (Ayers and Kaplan, 2005), and gender and whistle-blowing (Kaplan *et al.*, 2009).

Morality and Whistle-Blowing

Previous accounting research on morality and whistle-blowing has focused on moral reasoning as a predictor of whistle-blowing. For example, Arnold and Ponemon (1991) examined the whistle-blowing perceptions and moral reasoning of internal auditors using an experimental design. They administered an experimental case based on an incident involving the discovery of a fraud. An instrument measuring moral reasoning (Rest, 1986) was also presented to the experimental subjects. Arnold and Ponemon (1991) found that auditors with lower levels of moral reasoning were less inclined to choose whistle-blowing as a means for reporting wrongdoing, and the presence of retaliation (i.e., penalty) made whistle-blowing even more unlikely for the lower-moral-reasoning auditors.

Finn and Lampe (1992) focused on the whistle-blowing decision as an extension of an individual's moral judgment concerning a questionable activity. They theorized that whistle-blowing is a moral behavior following the decision process of Rest (1986). Rest (1986) modeled the moral decision as a four-component process: recognizing a moral issue, making a cognitive moral judgment, establishing a moral intent, and engaging in moral behavior. The findings of Finn and Lampe (1992) were as follows: 1) auditing students were much more supportive of whistle-blowing on unethical acts than were practicing auditors; 2) the auditors that decided to participate in an unethical act (e.g., expense statement padding or under-reporting of time) believed that most of their peers would act similarly; and 3) a significant positive relationship existed between making the initial ethical judgment and the subsequent decision to blow the whistle, but the relationship was impacted by issue and situation-related variables. Ponemon (1994) synthesized the research literature on the ethical components of the whistle-blower's decision process. He discussed that an individual must first have sufficient ethical sensitivity to identify a problem such as fraud. He then stated that the individual must possess the ability to frame the problem once it has been identified and the cognitive capability to develop a strategy for dealing with the problem. Ponemon (1994) described the ability to define the problem and develop a strategy for dealing with it as "ethical competence." He then discussed that the whistle-blower must have the perseverance to carry out the planned strategy. This study expands upon the perseverance needed to carry out a planned strategy by focusing on the construct of moral identity.

Moral Identity

Moral identity can be defined as "self-conception organized around a set of moral traits" (Aquino and Reed, 2002). Moral identity is developed out of the ego development (i.e., self-identity) and social identity literature (Aquino and Reed, 2002). Moral identity can be thought of as the depth of internalized moral values and how central those values are to how individuals see themselves and identify with others.

Aquino and Reed (2002) discuss internalization of moral traits or internalization of moral exemplars as part of moral identity. They explain that moral identity can be used for social identification and to construct a self-definition. Aquino and Reed (2002) go on to build the case that moral identity is a good predictor of moral action. They refer to moral identity as a prime motivator of moral conduct. Damon and Hart (1992) go so far as to say that moral identity (i.e., centrality of morality to self) may be the single most important determinant in bridging moral reasoning and moral action. Reynolds and Ceranic (2007) follow Trevino *et al.*, (2006) in defining moral action as behavior that is subject to generally accepted moral norms of behavior. Thus, moral behavior is determined within the larger social setting. Reynolds and Ceranic (2007) specifically list whistle-blowing as being a moral action.

However, situations within organizations may not be supportive of moral identity and moral action. Weaver (2006) discusses that moral identity may be difficult to maintain and nurture in amoral organizations but that even amoral organizations can have "pockets" of moral agents who have strong moral identities. He states that those with strong moral identities may be able to create psychological distance between themselves and their organization and be able to act as moral agents. He refers to moral identity as being the key to moral agency and moral agency as being responsible for transcending organizational situations. Additionally, Weaver *et al.*, (2014) posit that moral identity may affect not only an individual's morality, but also their willingness to engage in ethical decision-making.

This study focuses on moral identity as a characteristic of the individual. Because moral identity is the key to moral agency and moral agency can transcend organizational situations (Weaver, 2006), we posit that moral identity will positively influence perceived whistle-blowing under circumstances of fraud. Therefore, the following hypothesis is proffered to test the relationship between the moral identity of the individual and the perceived likelihood of whistle-blowing.

H1: Moral identity will positively impact the perceived likelihood of whistle-blowing under circumstances of fraud.

Societal Culture and Whistle-Blowing

Societal culture, as defined in the majority of work on economic activity, is operationalized by five dimensions: power distance, individualism-collectivism, masculinity-femininity, uncertainty avoidance, and long- and short-term orientation (Hofstede and Hofstede, 2005). Power distance is the extent to which less powerful members of society expect and accept power that is distributed unevenly. Individualism-collectivism refers to emphasis one places on themselves versus the group. Collectivist societies tend to put the needs of the group over the needs of self. Masculinity-femininity refers to the value placed on financial success and advancement versus relationships, cooperation and security. Uncertainty avoidance is the extent to which members of a society feel threatened by unknown situations. Long- and short-term orientation is the extent to which members of a culture are geared towards future rewards versus a respect for traditions and fulfilling social obligations.

Of these five dimensions, Hofstede and Hofstede (2005) theorize that power distance and uncertainty avoidance affect thinking about organizations and therefore, according the Schultz *et al.*, (1993) expectations regarding reporting behavior. Schultz *et al.*, (1993) examined the reporting of questionable acts in both a domestic and international context. They focused on intra-organizational reporting and on acts that were breaches of internal controls and administered vignettes to managers in Norway, the United States, and France. Schultz *et al.*, (1993) hypothesized that subjects' likelihood of reporting would be related to country, organizational prosperity, and individual characteristics. Individual characteristics examined were the perceptions of responsibility for reporting, seriousness of the irregularity, and the personal costs of reporting. Schultz *et al.*, (1993), discovered differences between countries. They found that Norwegian subjects considered all three of the individual characteristics—responsibility, seriousness, and personal costs, while the U.S. subjects focused on responsibility and personal costs. French subjects only considered responsibility. Schultz *et al.*, (1993) did not find that reporting tendencies were influenced by organizational prosperity.

Similarly, Patel (2003) examined whistle-blowing in a cross-cultural context. He explored cultural influences on the judgments of Australian, Indian, and Chinese-Malaysian accountants regarding whistle-blowing as a form of internal control. He administered a survey instrument using hypothetical whistle-blowing vignettes to a sample of senior auditors and consultants at Big 6 accounting firms in India, Malaysia, and Australia. The vignettes were manipulated across two levels of seriousness of wrongdoing. One vignette involved a matter internal to the organization that was not material and the other involved a primary contractor for the government committing fraud (Patel, 2003).

Patel (2003) hypothesized that Australian professional accountants would be more likely to engage in whistle-blowing as an internal control mechanism than Chinese-Malaysian and Indian professional accountants based on differences on individualism-collectivism dimension. He also theorized that Australian professional accountants would be more accepting of engaging in whistle-blowing as an internal control mechanism than Chinese-Malaysian and Indian professional accountants. He found support for both hypotheses.

Previous studies, however, have contrasted countries against all dimensions in testing the likelihood of whistle-blowing. For example, Tavakoli *et al.*, (2003) examined the likelihood of whistle-blowing by Croatian and U.S. managers. They studied the moral perceptions and the likelihood of whistle-blowing on cases of major fraud and minor fraud. They hypothesized and found support that U.S. managers were more likely to whistle-blow since the U.S. managers would be more likely to look out for themselves (individualism), feel comfortable approaching and contradicting superiors (power distance) and feel comfortable openly resolving conflict (masculinity).

Related to this study are cultural differences between the U.S. and France. Like the other studies, we use cultures that are seemingly different along Hofstede and Hofstede's (2005) dimensions that are related to organizations and reporting—power distance and uncertainty avoidance. Generally, analysis of these two dimensions picks up a third dimension (individualism-collectivism) since individualism-collectivism tends to be negatively correlated with power distance. That is, countries that score high on power distance usually score low on individualism-collectivism (Hofstede and Hofstede, 2005). While that relationship holds for the U.S. with a power distance rank of fifty-seven (moderately low, score of forty) and an individualism-collectivism rank of first (high, with a score of ninety-one), this relationship does not hold for France. France has a power distance rank of twenty-seven (somewhat high, rank of twenty-seven) and an individualism-collectivism rank of thirteen (strong, score of seventy-one).

In the French analysis, these two views seem to be contradictory. While the view of authority is still absolute (high power distance), face-to-face dependent relationships are perceived as difficult (Crozier, 1964). This contradiction can be reconciled by a bureaucratic system of rules and procedures since those impersonal rules maintain the concept of absolute authority by eliminating most direct relationships (Crozier, 1964). The view that more hierarchical, more authoritarian and less participative organizations exhibit lower internal reporting is supported by the work of Weinstein (1979) and Miceli and Near (1992). In addition, the U.S. and France are quite different along the uncertainty avoidance dimension (France is ranked seventeen with a score of eighty-six and the U.S. is ranked sixty-two with a score forty-six). High uncertainty avoidance implies a high anxiety to uncertain situations. Organizations in those cultures tend to be highly structured and bureaucratic (Laurent, 1983; Horovitz, 1980) leading to less internal reporting (Weinstein, 1979; Miceli and Near, 1992). Thus, given the differences in the U.S. and France along power distance and uncertainty avoidance dimensions, we would expect societal cultural to have an impact on the likelihood to whistle-blow. However, given that France is contradictory with high power distance and uncertainty avoidance rankings, but also with a moderately high individuality ranking, we are unable to specify the directionality of our hypothesis. In our judgment, we test the following hypothesis:

H2: Societal culture will impact the likelihood of perceived whistle-blowing under circumstances of fraud.

It is possible that moral identity and societal culture will have a relationship together with regard to the perceived likelihood of whistle-blowing. Thus, we posit the following hypothesis.

H3: Moral identity and societal culture will together impact the perceived likelihood of whistle-blowing under circumstances of fraud.

Research Design

Sample and Data Collection

The participants included sixty-seven master in accounting students from a mid-sized university in the U.S. as well as seventy-four Master of Business Administration¹ students from a university in Lille, France. The general level of education and work experience was comparable between the two groups. The total useable sample of 141 subjects remained after dropping fifteen subjects for manipulation check failures.

Participants were presented with a paper-based experiment during a regularly scheduled class and were asked to complete the materials during that class. Participants were given the packet of experimental materials in an envelope with no outward identifier. The packet materials were pre-coded with a subject code. The participants were known only as a code number to the researchers and the codes could not be traced back to the individual students.

The paper-based experiment was self-administered with instructions and implied consent forms presented at the beginning of the packet of materials. Participation in the study was voluntary. The experimental materials were then ordered as follows. The participants first read and responded to the vignette in the instrument and indicated whether the person in the vignette would report the fraud. They were then asked whether they would report the fraud. Manipulation check questions followed. Next, measures of moral identity and attitudes toward whistle-blowing were presented and demographics were collected. The experimental materials were then placed back in the envelopes with no outward identifiers and collected by a student volunteer to further protect the anonymity of the individual students.

Model Specification

The vignette in the paper-based experiment presented organizational wrongdoing as the probable recording of materially false revenues and was based on an actual incident of fraud. The vignette was followed by two dependent variables of interest. The first variable of interest is the perceived likelihood that the person in the vignette, Alex, a senior accountant and the potential whistle-blower, would report internally an intentional overstatement of revenue by the company CFO. The subjects indicated their response on a nine-point Likert scale anchored on (1) Definitely will not report, to (9) Definitely will report, with the midpoint anchor (5) indicating a fifty percent likelihood of reporting

¹ At the university in France, there is no comparable degree to a master in accounting. The participants from France, however, are all graduate students in the international accounting, audit, and control program.

We use the following model to test our hypotheses regarding whether moral identity and culture impact whether the person in the vignette would whistle-blow:

$$\text{ALEX}_{it} = \beta_0 + \beta_1 \text{SYMB}_{it} + \beta_2 \text{INTERN}_{it} + \beta_3 \text{FRANCE}_{it} + \beta_4 \text{CROWN}_{it} + \varepsilon_{it}$$

Where:

ALEX = the likelihood that the person in the vignette would report the fraud on a 1–9-point Likert scale; higher numbers indicate an increased likelihood of reporting

SYMB = the symbolization score from the moral identity scale; the higher the number the more the respondent engages in outward displays of morality

INTERN = the internalization score from the moral identity scale; the higher the number the more the respondent has internalized moral traits

FRANCE = A dichotomous variable with 1 being a student from France and 0 being a student from the U.S.

CROWN = the score on the Crowne-Marlow (1960) self-presentation scale; the higher the score the more the respondent is engaging in social desirability response bias

A second variable of interest is the perceived likelihood that the subject would report the overstatement of revenue by the company CFO. The subject once again indicated their response using a nine-point Likert scale with anchors at (1) Definitely will not report, to (9) Definitely will report, with the midpoint anchor (5) indicating a fifty percent likelihood of reporting. The vignette and other experimental materials are presented in the Appendix.

To test the second variable of interest, whether the respondent would whistle-blow, we use the following model:

$$\text{YOU}_{it} = \beta_0 + \beta_1 \text{SYMB}_{it} + \beta_2 \text{INTERN}_{it} + \beta_3 \text{FRANCE}_{it} + \beta_4 \text{CROWN}_{it} + \varepsilon_{it}$$

Where:

YOU = the likelihood that the respondent would report the fraud on a 1–9-point Likert scale; higher numbers indicate an increased likelihood of reporting

SYMB = the symbolization score from the moral identity scale; the higher the number the more the respondent engages in outward displays of morality

INTERN = the internalization score from the moral identity scale; the higher the number the more the respondent has internalized moral traits

FRANCE = A dichotomous variable with 1 being a student from France and 0 being a student from the U.S.

CROWN = the score on the Crowne-Marlow (1960) self-presentation scale; the higher the score the more the respondent is engaging in social desirability response bias

The instrument used to measure moral identity was developed by Aquino and Reed (2002). The instrument includes ten items, two of which are reverse-coded. Moral identity as captured by this instrument is comprised of two factors, symbolization and internalization. Symbolization is the degree to which moral traits are reflected in the respondent's actions in the world and internalization is the degree to which moral traits are central to self-concept.

Aquino and Reed (2002) performed six studies in the development of the moral identity scale. They performed both exploratory and confirmatory factor analysis and found the internal reliability to be adequate with Cronbach's alpha of 0.73 and 0.82 for internalization and symbolization, respectively. Additionally, they found convergent validity between their scale and the implicit association test. They also found that the symbolization factor was positively associated with religiosity and sympathy, and negatively associated with reciprocity. The internalization factor was negatively associated with normlessness and reciprocity, and positively associated with sympathy.

Impression management was positively related to both factors of the scale. Thus, a control variable for impression management should be included when using the moral identity scale. In the current study, we use the Crowne-Marlowe

(1960) scale to control for self-presentation bias. The higher the score on the scale, the more likely the respondent is engaging in social desirability bias.

Our variable of concern for culture was whether the subject was from France or the U.S. We utilized a dichotomous variable with (1) indicating being from France, and (0) being from the U.S. We did analyze several components of culture as advocated by Hofstede and Hofstede (2005) but were not able to include those components in our final model due to multicollinearity between the components.

Results

Descriptive Statistics

Table 1 presents the descriptive statistics and univariate tests for the sample. Univariate tests indicate that there are statistically significant differences between the French and U.S. respondents. French respondents answered more positively that the actor in the vignette should whistle-blow than U.S. respondents, while U.S. respondents answered more positively that they would be more likely to whistle-blow. U.S. respondents were also more positively associated with outward displays of morality (symbolization) and internalized moral traits (internalization). Univariate results also indicate that U.S. respondents are engaging in higher social desirability bias (Crowne-Marlowe) than French respondents. However, since the impact of moral identity and culture on the decision to whistle-blow is multivariate in nature these results should be interpreted with caution.

Hypothesis Testing Results

Ordinary least squares regression (OLS) was utilized to test the hypotheses. The regression results are presented in Table 2 and Table 3. Table 2 supports H1, H2, and H3. Symbolization is positively associated with Alex's (the character in the vignette) decision to report the fraud. The culture variable (France) also has a significant positive impact on the perceived likelihood that Alex would report the fraud. Both constructs are significant in the model at the same time, thus supporting H3.

Table 3 supports H1. The internalization factor of the moral identity scale is significantly and positively associated with the perceived likelihood that the respondent would report the fraud. The control variable is also significant indicating that respondents were answering in a socially desirable manner. However, the internalization factor is still significant despite the control variable results and thus, H1 continues to be supported.

Discussion

Our analysis supports being from France as being more positively associated with whether the respondents think the actor in the vignette is likely to blow the whistle. It is logical that cultural norms would influence the respondents' perception of a third party. The French culture is more collectivist than the U.S. so they might perceive whistle-blowing as being beneficial to society (Miceli *et al.*, 2008). Our analysis also supports that moral identity is positively associated with the perceived likelihood that the respondent would report the fraud. This result is logical given that when the decision becomes personalized, our views on our own morality would be influential. It is also logical that the internalization factor of moral identity instead of the symbolization factor would be positively associated with the perceived likelihood of whistle-blowing by the respondent. Internalization is a much stronger moral construct than symbolization. Symbolization is primarily "for show" whereas internalization has a much higher correlation with real moral action. It should be noted that symbolization did have a positive relationship with whether the third party in the vignette would report the fraud. However, symbolization is a shallow, external expression of morality to the world and is more likely than internalization to be associated with what a third party might do.

Our results also support both culture and moral identity having an impact together on the perceived likelihood of whistle-blowing with regard to a third party. Once again, the anticipated decision of a third party in a vignette is a decision external to what the individual respondent would do. Thus, that decision would be more affected by the externalities of societal culture and the shallower moral identity construct of symbolization. For the individual decision of the respondent to whether he/she would report the fraud, culture was not a factor, but the moral identity construct of internalization was significant.

The limitations of this study are those inherent in cross-culture and ethics research. How to measure culture is a source of debate. Furthermore, measures of morality are influenced by respondents wanting to appear ethical to the researcher, even

though they may be less so in actuality. Additionally, extrapolating results from students in the classroom to employees in the workplace can be problematic. Students, however, have been used in similar studies by Bailey *et al.*, (1983), Kelly and Mohrweis (1989), and Kaplan and Mauldin (2008). Since the task was relatively simple, the type of respondents used in the study is not likely to affect respondents' assessments (Elliot *et al.*, 2007).

Another limitation is the study does not consider the effect of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank). Section 922 of Dodd-Frank provides for the Securities and Exchange Commission to pay monetary awards to whistleblowers who provide information that leads to a successful enforcement action. These monetary awards can range between ten percent and thirty percent of the total monetary sanctions collected. As no comparable law exists in France, the effect of Dodd-Frank is not investigated. Dodd-Frank, however, could have a large impact on U.S. respondents' willingness to whistle-blow.

Limitations aside, this study contributes additional information to the whistle-blowing literature by examining culture and moral identity and the perceived likelihood of whistle-blowing. Future research should seek to further define culture and moral measures and their relationship to the intent to blow the whistle.

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Table 1: Descriptive Statistics for Variables Used in the Regression Analysis

Variable	French Sample (n=74)		American Sample (n=67)		Difference between Means
	Mean	Std. Dev.	Mean	Std. Dev.	p-value
ALEX	5.78	1.537	4.97	1.678	**
YOU	6.69	1.480	7.53	1.419	**
SYMB	18.96	4.630	22.09	5.812	**
INTERN	28.35	4.430	33.00	2.674	**
CROWN	14.46	4.407	16.48	6.558	*

** = p-value less than 0.01

* = p-value less than 0.05

Note: N is not equal because of asymmetric reduction in the sample size due to unusable observations

ALEX = the likelihood that the person in the vignette would report the fraud on a 1-9-point Likert scale; higher numbers indicate an increased likelihood of reporting

YOU = the likelihood that the respondent would report the fraud on a 1-9-point Likert scale; higher numbers indicate an increased likelihood of reporting

SYMB = the symbolization score from the moral identity scale; the higher the number the more the respondent engages in outward displays of morality

INTERN = the internalization score from the moral identity scale; the higher the number the more the respondent has internalized moral traits

CROWN = the score on the Crowne-Marlow (1960) self-presentation scale; the higher the score the more the respondent is engaging in social desirability response bias

Table 2: Regression Results for Moral Identity and Culture on the Likelihood of Vignette Character Whistle-Blowing

$$ALEX_{it} = \beta_0 + \beta_1 SYMB_{it} + \beta_2 INTERN_{it} + \beta_3 FRANCE_{it} + \beta_4 CROWN_{it} + \epsilon_{it}$$

Variable	Column 1	
Intercept	3.695 (2.659)	**
SYMB	0.180 (1.622)	*
INTERN	0.006 (0.049)	
FRANCE	0.281 (2.544)	**
CROWN	-0.007 (-0.071)	
N	141	
Adjusted R ²	.047	
F-value	2.282	

** = p-values less than 0.05
 * = p-values less than 0.10 but greater than 0.05

ALEX = the likelihood that the person in the vignette would report the fraud on a 1-9-point Likert scale; higher numbers indicate an increased likelihood of reporting

SYMB = the symbolization score from the moral identity scale; the higher the number the more the respondent engages in outward displays of morality

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FRANCE = A dichotomous variable with 1 being a student from France and 0 being a student from the U.S.

CROWN = the score on the Crowne-Marlow (1960) self-presentation scale; the higher the score the more the respondent is engaging in social desirability response bias

Table 3: Regression Results for Moral Identity and Culture on the Likelihood of Respondent Whistle-Blowing

$$YOU_{it} = \beta_0 + \beta_1 SYMB_{it} + \beta_2 INTERN_{it} + \beta_3 FRANCE_{it} + \beta_4 CROWN_{it} + \epsilon_{it}$$

Variable	Column 1	
Intercept	2.905 (2.410)	**
SYMB	.160 (1.558)	*
INTERN	.225 (1.981)	**
FRANCE	-.067 (-.659)	**
CROWN	.219 (2.406)	**
N	141	
Adjusted R ²	.187	
F-value	6.918	

** = p-values less than 0.05
 * = p-values less than 0.10 but greater than 0.05

YOU = the likelihood that the respondent would report the fraud on a 1-9-point Likert scale; higher numbers indicate an increased likelihood of reporting

SYMB = the symbolization score from the moral identity scale; the higher the number the more the respondent engages in outward displays of morality

INTERN = the internalization score from the moral identity scale; the higher the number the more the respondent has internalized moral traits

FRANCE = A dichotomous variable with 1 being a student from France and 0 being a student from the U.S.

CROWN = the score on the Crowne-Marlow (1960) self-presentation scale; the higher the score the more the respondent is engaging in social desirability response bias

Appendix A: Case Materials

SUBJECT CODE _____

Case

Star Corporation has employed Alex Miller for the past four years as a senior accountant. Star is a publicly traded corporation that develops, licenses, and advertises an on-screen television guide technology. This technology allows consumers to navigate through and select television programs. The company generates revenue by licensing the technology to third parties and selling advertising that is displayed while consumers use the on-screen guide. The media industry is growing, and the company is doing well financially. Alex enjoys his job and has received above-average annual performance reviews.

Alex reports to the Accounting Manager and the Accounting Manager reports to the CFO.

Alex’s job responsibilities include recording revenues earned from licensing contracts. In the first quarter of the current fiscal year, Alex discovered an entry in the general ledger for \$200,000 of sales revenue that he did not record. Alex investigated the entry and found that it was input by the CFO. When Alex inquired as to the nature of the entry, the CFO responded that he recorded it for a contract that was in negotiation, and that the revenue was necessary to meet the earnings forecast for the quarter. The CFO also told Alex that the contract would be completed soon and would subsequently be backdated to the date the revenue was recorded.

It is now the third quarter of the fiscal year and Alex has still not received the contract. Alex recently asked the CFO about the situation and was told that the contract negotiation had fallen through. The CFO said that he will reverse the revenue off the ledger in the fourth quarter, when sales are estimated to peak. Alex is very concerned about the misreporting of revenues on the company’s quarterly financial statements. Alex is considering whether to report the actions of the CFO within the corporation.

In your opinion, what is the likelihood that Alex will report the CFO to an appropriate person within the corporation?

1	2	3	4	5	6	7	8	9
Definitely				Likelihood				Definitely
Will <u>NOT</u>				of				<u>WILL</u>
Report				Reporting				Report
is 50%								

If you were Alex, what is the likelihood that you would report the CFO to an appropriate person within the corporation?

1	2	3	4	5	6	7	8	9
Definitely				Likelihood				Definitely
Will <u>NOT</u>				of				<u>WILL</u>
Report				Reporting				Report
is 50%								

Please explain your answer above for whether you would report the CFO.

Please indicate TRUE (T) if the following statement is consistent with the facts stated in the case. Please indicate FALSE (F) if you do not recall the information in the statement as part of the case or if the statement is inconsistent with the facts stated in the case.

1. Alex believes that first quarter revenues are overstated. T F

Demographic data:

1. Please list any professional certifications that you hold

2. Highest level of education completed or current educational program.

3. Gender _____

4. Nationality _____

5. Age _____

6. Religious affiliation _____

7. How often do you attend religious services? _____

8. List any job experience (title and length of time in job)

9. Are accountants obligated to report wrongdoing within their organization? Please explain.

10. How unethical is the incident in the case? Please choose a point on the scale below and explain your answer.

Very Unethical		Neither Ethical			Very Ethical		Nor Unethical		
1	2	3	4	5	6	7	8	9	

11. Where you grew up _____

12. Your family size _____

13. Have you ever told or not told a superior or other authority about someone at work, school, or outside of work or school, who was engaging in an unethical or illegal act? Please explain the situation but do not use real names.

14. Have you ever refused to do something unethical or illegal? Please explain the situation but do not use real names.

15. Have you engaged in activities to help others? Please explain but do not use real names. Be sure to explain what activities you do and how often. You can write on the back if you need to.

Subject Questionnaire (Moral Identity Measure) Listed below are some characteristics that might describe a person:

Caring, Compassionate, Fair, Friendly, Generous, Helpful, Hardworking, Honest, Kind

The person with these characteristics could be you or it could be someone else. For a moment, visualize in your mind the kind of person who has these characteristics. Imagine how that person would think, feel, and act. When you have a clear image of what this person would be like, answer the following questions.

	Strongly Disagree	Disagree	Slightly Disagree	Neutral	Slightly Agree	Agree	Strongly Agree
1. It would make me feel good to be a person who has these characteristics	1	2	3	4	5	6	7
2. Being someone who has these characteristics is an important part of who I am	1	2	3	4	5	6	7
3. I often wear clothes that identify me as having these characteristics	1	2	3	4	5	6	7
4. I would be ashamed to be a person who had these characteristics	1	2	3	4	5	6	7
5. The types of things I do in my spare time (e.g., hobbies) clearly identify me as having these characteristics	1	2	3	4	5	6	7
6. The kinds of books and magazines that I read identify me as having these characteristics	1	2	3	4	5	6	7
7. Having these characteristics is not really important to me	1	2	3	4	5	6	7
8. The fact that I have these characteristics is communicated to others by my membership in certain organizations	1	2	3	4	5	6	7
9. I am actively involved in activities that communicate to others that I have these characteristics	1	2	3	4	5	6	7
10. I strongly desire to have these characteristics	1	2	3	4	5	6	7

Subject Number _____ **Crowne-Marlowe (1960) Measure**

Listed below are a number of statements concerning personal attitudes and traits. Read each item and decide whether the statement is true or false as it pertains to you personally.

- | | | |
|--|---|---|
| 1. Before voting I thoroughly investigate the qualifications of all the candidates. | T | F |
| 2. I never hesitate to go out of my way to help someone in trouble. | T | F |
| 3. It is sometimes hard for me to go on with my work if I am not encouraged. | T | F |
| 4. I have never intensely disliked anyone. | T | F |
| 5. On occasion I have had doubts about my ability to succeed in life. | T | F |
| 6. I sometimes feel resentful when I do not get my way. | T | F |
| 7. I am always careful about my manner of dress. | T | F |
| 8. My table manners at home are as good as when I eat out in a restaurant. | T | F |
| 9. If I could get into a movie without paying and be sure I was not seen I would probably do it. | T | F |
| 10. On a few occasions, I have given up doing something because I thought too little of my ability. | T | F |
| 11. I like to gossip at times. | T | F |
| 12. There have been times when I felt like rebelling against people in authority even though I knew they were right. | T | F |
| 13. No matter who I am talking to, I am always a good listener. | T | F |
| 14. I can remember “playing sick” to get out of something. | T | F |
| 15. There have been occasions when I took advantage of someone. | T | F |
| 16. I am always willing to admit it when I make a mistake. | T | F |
| 17. I always try to practice what I preach. | T | F |
| 18. I do not find it particularly difficult to get along with loud mouthed, obnoxious people. | T | F |
| 19. I sometimes try to get even rather than forgive and forget. | T | F |
| 20. When I do not know something I do not at all mind admitting it. | T | F |
| 21. I am always courteous, even to people who are disagreeable. | T | F |
| 22. At times I have really insisted on having things my own way. | T | F |
| 23. There have been occasions when I felt like smashing things. | T | F |
| 24. I would never think of letting someone else be punished for my wrongdoings. | T | F |
| 25. I never resent being asked to return a favor. | T | F |
| 26. I have never been irked when people expressed ideas very different from my own. | T | F |
| 27. I never make a long trip without checking the safety of my care. | T | F |
| 28. There have been times when I was quite jealous of the good fortune of others. | T | F |
| 29. I have almost never felt the urge to tell someone off. | T | F |
| 30. I am sometimes irritated by people who ask favors of me. | T | F |
| 31. I have never felt that I was punished without cause. | T | F |
| 32. I sometimes think when people have a misfortune they only got what they deserved. | T | F |
| 33. I have never deliberately said something that hurt someone’s feelings. | T | F |

Subject Number _____