

UNIVERSITI TEKNOLOGI MARA

**WHISTLE-BLOWING PROPENSITY
AMONG MALAYSIAN
ACCOUNTANTS AND FACTORS
AFFECTING THEIR DECISIONS**

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ABSTRACT

The dissolution of Arthur Andersen following the Enron financial scandal exemplifies how tragic the situation can be for the accountants if they remain unperturbed. Moreover, the increasing legislative stipulation and regulation suggest that accountants are required to report improper conduct i.e. whistle-blow. A brief review of Malaysian accounting and financial regulatory reports reveal that only a small number of complaints were received throughout their establishment, and fewer among the complainants are accountants. Thus this study is engaged to investigate Malaysian professional accountants' willingness to whistle-blow when encountering improper conduct. Previously identified whistle-blowing influencing factors and a newly introduced factor (profession's espousal) were tested by conducting a survey on all the four categories of Malaysian professional accountants. The study reassess the applicability of the widely used prosocial behaviour theory by Latane and Darley (1970) and pioneered the appropriateness of the functionalist theory of profession by Carr-Saunders and Wilson (1933), Greenwood (1957) and Parsons (1968) on whistle-blowing. The hypotheses were evaluated using a structural modelling technique by using the analysis of moment structures (Amos) programme. It was found that despite acknowledging the seriousness of the improper conduct and their willingness to whistle blow, their inclination to remain silence is greater. Results show that external whistle-blowing is significantly associated to confidence of profession's espousal, legislative protection and ethical attitudes. It was also found that the functionalist theory of profession could well explain the accountants' whistle-blowing behaviour, while the prosocial theory contribution is not suited. The study verify previous findings on the whistle-blowing expectation gap of the accountant's response after recognising seriousness of improper conduct that may still exist. Nevertheless, it revealed the potential contribution of profession's espousal and emphasised legislative options by the regulators when developing and sustaining policies to promote ethical attitude and accountability to blow the whistle among accountants.

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