

# COGNITIVE DISSONANCE UNDER OBEDIENCE PRESSURE

## Dr. Mahmudi

Department of Accounting, Faculty of Business and Economics, Universitas Islam Indonesia, Condongcatur, Depok, Sleman, Yogyakarta, Indonesia. Email: mahmudi@uii.ac.id

## Supriyadi, PhD

Department of Accounting, Faculty of Economics and Business, Universitas Gadjah Mada, Bulaksumur, Depok, Sleman, Yogyakarta, Indonesia. Email: pri@ugm.ac.id

## Prof. Mahfud Sholihin, PhD

Department of Accounting, Faculty of Economics and Business, Universitas Gadjah Mada, Bulaksumur, Depok, Sleman, Yogyakarta, Indonesia. Email: mahfud@ugm.ac.id

### ABSTRACT

This study aims to analyze the response of management accountants when they were asked by their immediate manager to engage in accounting manipulation. This study also investigates whether management accountant under obedience pressure which obey unethical order of superordinate experience cognitive dissonance. This research employed laboratory experiment as a preferred method. This experiment was conducted through on-line experiment with computerized software application developed for this research purpose. There are 200 subjects participate in this experiment. Results of this study indicate that in a condition under obedience pressure, most subjects tend to obey authority orders to engage in accounting manipulation. This study also found that subjects engage in accounting manipulation as ordered by their authority experience cognitive dissonance. They had uncomfortable feeling due to their adherence to the authority destructive order.

### ARTICLE INFO

#### Keywords:

Obedience Pressure;  
Accounting Manipulation;  
Cognitive Dissonance;  
Discomfort Feeling.

#### Article History:

Received: 10 Dec 2019  
Revised: 13 Feb 2020  
Accepted: 21 May 2020  
Available Online: 12 June 2020

© 2020 The authors. Published by ZARSMI UAE. This is an open access article under the Creative Commons AttributionNonCommercial 4.0

## 1. INTRODUCTION

This study aims to investigate the response of management accountant as a subordinate when they are ordered by their immediate manager to engage in accounting manipulation. Shreds of empirical evidence showed the accounting scandal occurred involving authority figures that order subordinates to manipulate accounting reports and transactions. For example, in the case of WorldCom accounting scandal, Scott Sullivan as CFO confessed that he was conducted accounting manipulation because he was ordered by Bernie Ebber, the WorldCom's CEO. Betty Vinson, the director of corporate reporting of WorldCom also confessed that she was engaged in accounting records manipulation because adhering order of Scott Sullivan, her immediate manager (Mintz dan Morris 2017). Previous research concerning authority pressure commonly used obedience theory proposed by Milgram (1974) as a theoretical foundation. Research on testing obedience theory is still relevant today to understand why people obey authority order (Burger 2009). Obedience theory stated that individual tends to obey the authority order although it's unethical, harmful others, and contradict with his/her attitude, beliefs, and values. According to Davis, DeZoort, and Kopp (2006) obedience to authority occurred because there is an agentic state that is followed by shifting responsibility from subordinate to the authority figure that provides order. Under obedience pressure conditions, individual behavior is not guided moral judgment anymore but to follow the order from authority (Blass 1996). Shifting responsibility is seen as an important antecedent that affects individual decision to adhere authority order to conduct unethical behavior (Davis, DeZoort, and Kopp 2006; Mayhew and Murphy 2014). This study also aims to investigate whether subordinate that adheres authority order to engage in accounting manipulation experience cognitive dissonance. Based on cognitive dissonance theory (Festinger 1957), individual will experience cognitive dissonance if there is a cognitive conflict that is originated from the existence of a contradiction between behavior with individual values, beliefs, and moral principles. This research was conducted through a laboratory experiment with 200 participants. This research found that pressure from authority to the subordinate to conduct accounting manipulation tend to be adhered although the order is unethical. More than 56% of subjects totally adhere to the order of their authority to engage in accounting manipulation and only 28% of the subject that disobey or refuse to follow the order. This research also found subjects that obey the authority order experience cognitive dissonance compare to the subjects that didn't follow the order. It can be inferred that individual who adhere to the destructive order of authority have a guilty feeling that eventually produces an uncomfortable feeling. It means that every unethical behavior that is performed by individuals due to obeying

the instruction of legitimate authority would leave a negative psychological feeling. This study provides several contributions. First, the results of this study confirm obedience theory proposed by Milgram in accounting context. Second, this study shedlight that obeying the authority's orders to carry out unethical behavior will cause psychological disturbances for the perpetrator in the form of cognitive dissonance.

### **1.1 Research Problem**

Research questions that are proposed in this research firstly how the subordinate will respond to the authority order to engage in accounting manipulation. Whether they will adhere or reactance to such order? Based on obedience pressure theory(Milgram 1974) individuals will adhere to the order of authority although the order is unethical. However, based on psychological reactance theory (Brehm dan Brehm 1981), individuals will reactance to such order because individualstry to maintain or restore freedom.Which theory that more powerful to explain subordinate response toward authority order to conduct accounting manipulation. The second research question is whether subordinates that adhere to authority order to conduct accounting manipulation experience cognitive dissonance?

## **2. LITERATURE REVIEW**

### **2.1 Obedience Theory**

Obedience theory initially was formulated by Stanley Milgram through a series of experiments that was conducted since 1960s to 1970s (Milgram 1963, 1964, 1965a, 1965b, 1967, 1974). Obedience theory states that individuals under pressure of authority order would adhere to such order although it is contradicting to his attitude, beliefs, and values(Milgram (1974). Obedience theory can be used to explain why certain individuals easily performing unethical behavior in an organizational setting as well as in broader contexts such as social life. Milgram (1974) stated that the person who, with inner conviction, loathes stealing, killing, and assault may find himself performing these acts with relative ease when commanded by the authority. Behavior that is unthinkable in an individual who is acting on his own may be executed without hesitation when carried out under orders. Obedience theory was rooted in power theory (DeZoort and Lord 1994). In social science literature, it is stated that the interpersonal relationship between subordinate and authority depicted as a dyadic process which is separated into two parties, i.e. influencing agent and target. On one hand, authority as the influencing agent has a role as a source of influence, on the other hand, subordinate as a target is a party that receive influence. The relationship between influencing agent and the target can be conceptualized into six dimensions of power, i.e. reward power, coercive power, legitimate power, referent power, expert power,and informational power (French and Raven 1959).

Eagly and Chaiken (1993) classified six dimensions of power that is formulated by French and Raven (1959) into two sources of power influence, i.e. informational influence and normative influence. Based on the power theory perspective, obedience theory can be generated from the informational influence and normative influence. The power that is based on informational influence includes expert power, referent power, and informational power. The power emanating from informational influence related to the beliefs that information released by an authority figure was accurate, reliable, and credible. Individuals obey the order of authority because they believe the information, i.e. the order, is correct and valid. The power that is derived from normative influence includesreward power, coercive power, and legitimate power. Individuals obey the order of authority figure since they want to maximize the outcome that will be received by ignoring whether such order is wrong or unethical (DeZoort and Lord 1994). Obedience theory has a close relationship with legitimate power. Authority order in an organization will influence the behavior of subordinates since superordinate has a position as a legitimate authority so that all orders instructed should be obeyed (Lord and DeZoort 2001).Legitimate authority act as a source of influence who will influence others' behavior through instruction and order (Brown 1986). In an authority system, there is at least two party that is expected one party has the right to determine the behavior of another party. Milgram (1974) posited that the legitimate authority is a person perceived by others in a position to control others in a certain situation. Legitimate authority is not formed merely by personal characteristics. However, it emerged from a position that is perceived by other people in social structure as an authority. A person that is nominated as legitimate authority enables one to give the order that will be adhered to by subordinates although the order is unethical and break the law. Subordinates tend to obey authority order although they have the freedom to behave, however they allow authority to determine their decision and behavior that should be taken (Blass 1999).

To investigate the act of obeying behavior of individuals toward destructive order of authority, Milgram (1974) set up a series of experiments. In his experiment, two people come to a psychology laboratory to take part in experiment with the label a study of memory and learning. One of them is designed as a "teacher" and the other a "learner." The experimenter explains that the study is concerned with the effect of punishment on learning. The learner is conducted into a room, seated in a chair, his arms strapped to prevent excessive movement, and an electrode attached to his wrist. The learner is told that he is to learn a list of word pairs; whenever he makes an error, he will receive electric shocks of increasing intensity.To support his experiment, Milgram created a machine that appeared to be an electric shock generator, including switches representing shock levels that started at 15 V and increase in 15 V increments to 450 V. There are also verbal designations

which range from “slight shock” to “danger” and “severe shock.” Since the learner was a confederate of the experimenter, the learner was never actually connected to the machine and was instead instructed how and when to respond and, in doing so, to pretend to receive an actual shock (Werhane et al. 2011).

The point of the experiment is to see how far a person will proceed in a concrete and measurable situation in which he is ordered to inflict increasing pain on a protesting victim. At what point will the subject refuse to obey the experimenter? In his experiment, it is found that many subjects will obey the experimenter no matter how vehement of the pleading of the person being shocked, no matter how painful the shocks seem to be, and no matter how much the victim pleads to be let out. The actual results of the study were surprising. Sixty-five percent of the subject in the original study obey experimenter order although such order is painful and harmful for others. Of the 40 participants in the study, 26 delivered the maximum shock of 450 V, while only 14 stopped before reaching the highest level. What, then, keeps the person obeying the experimenter? Milgram (1974) stated, firstly, there is a set of “binding factors” that lock the subject into the situation. They include such factors as politeness on his part, his desire to uphold his initial promise of aid to the experimenter, and the awkwardness of withdrawal. Secondly, a number of adjustments in the subject’s thinking occur that undermine his resolve to break with the authority. The adjustment will help the subject to maintain his relationship with the experimenter, while at the same time reducing the strain brought about by the experimental conflict. The most common adjustment of thought in the obedient subject is to see himself as not responsible for his actions. He divests himself of responsibility by attributing all initiative to the experimenter, a legitimate authority. He sees himself not as a person acting in a morally accountable way but as the agent of external authority (Milgram 1974). Another factor that affects obedience to authority is the condition in which the individual trapped into an agentic state. The agentic state is the condition a person is in when he sees himself as an agent for carrying out another person’s wishes. The agentic state is in opposition to autonomy – that is, when a person sees himself as acting on his own. A person is in a state of agency when he defines himself in a social situation in a manner that renders him open to regulation by a person of higher status. In this condition the individual no longer views himself as responsible for his actions but defines himself as an instrument for carrying out the wishes of others (Milgram 1974). Obedience theory has been tested in several studies in different setting and context. In accounting context, previous studies employed obedience theory for example the research conducted by DeZoort and Lord 1994, Lord and DeZoort 2001, Davis et al. 2006, Hartmann and Maas 2010, Mayhew and Murphy 2014, and Mahmudi and Supriyadi 2019. The previous studies confirm the validity of the obedience theory in a variety of contexts and different experimental settings. However, there are limited studies that examined the psychological impact on individuals who are exposed to authority pressure to engage in accounting manipulation.

## **2.2 Psychological Reactance Theory**

There is a competing theory of obedience theory that explains the response of the individual when he is imposed pressure by other people, i.e. psychological reactance theory (Brehm and Brehm 1981). According to obedience theory, individuals tend to obey authority order although the order is unethical, harmful and contradict to his attitude, beliefs, and values. Psychological reactance theory provides a different explanation regarding individuals respond under social influence pressure conditions. Psychological reactance theory states that for a given individual at a given time, there is a set of behaviors in which he believes he is free to engage. Any reduction or threat of reduction in that set of free behaviors arouses a motivational state, “reactance,” which is directed toward the reestablishment of the lost or threatened freedom (Brehm and Cole 1966). Refer to psychological reactance theory, the presence of social influence pressure, e.g. authority pressure toward a subordinate, would not result in obedience respond but on the contrary that is reactance or resistance, especially if the order is unethical, break the law and professional norms (Brehm 1966; Brehm and Brehm 1981). Some research investigates factors affecting the obedience of individual to authority order. However, research that investigates the disobedience of subordinate toward authority order is still limited. Some researchers employed Milgram’s obedience theory to explain the phenomenon of obedience behavior. Studies focused to investigate disobedience are fewer than obedience behavior. For example, in the research of cognitive dissonance of student that is forced to provide agreement concerning the raise of tuition fee that actually contradicts to his attitude, Elliot and Devine (1994) found there are 30% participants that indicate disobedience to the order. Whereas a study conducted by Burgess (2002) found there are more than 50% of participants that refuse to obey the order of experimenter to give approval regarding university policy to increase tuition fee.

The reluctance to obey authority order need further investigation especially when the order is unethical and break the law. Obedience is developed since childhood (Southard 2014). Since childhood, individuals have been learned to obey parents in order to hinder punishment or to get rewards (Carlsmith, Lepper and Landauer 1974). Along with getting older, the children become more independent and have autonomy in thinking and decision making. As an adult that has autonomy and independence, an individual has the freedom to obey or disobey the authority order. Such obedience or disobedience depends on context and type of order (Laupa et al. 1995). Laupa et al. (1995) argue that the legitimacy of authority will disappear if authority provides not competence and unacceptable order. Although a person is still young, however, he has ability to assess the quality of social context and be able to use moral judgment in facing a dilemmatic situation. It can be predicted that he will not adhere to the order that he thinks is wrong (Southard 2014). From a social psychology perspective, disobedience is not always seen negatively but sometimes disobedience plays a positive role in avoiding an authority turn

into an authoritarian leader. From this point of view, disobedience can be understood as an instrument to control authority that can be considered as a factor to save society from authoritarian leadership (Passini and Morselli 2013). In a democratic system, people have the right and obligation to not following authority order if the order is unacceptable from an ethical perspective (Lefkowitz 2007). Disobedience is not just a right but an obligation. Disobedience toward authority orders that deviates from moral principles can be categorized as a pro-social behavior. Obedience to authority order has a limit. Regarding good and ethical order, it should be adhered to, but if the authority order is unethical it should not be followed (Passini and Morselli 2009). Based on prior research and theoretical foundation, research question 1 is stated as follows: RQ1: which theory that more powerful to explain subordinate response toward authority order to engage in accounting manipulation, obedience theory or psychological reactance theory?

### **2.3 Cognitive Dissonance Theory**

A subordinate that is imposed obedience pressure by his superordinate to conduct unethical behavior may experience cognitive dissonance. Based on cognitive dissonance theory (Festinger 1957), individual experience cognitive dissonance if there is an internal conflict between actual behavior or decision taken with his prior beliefs, values, and attitudes. Cognitive dissonance theory asserts that a person has certain cognitive elements which are “knowledge” about himself, his environment, his attitudes, his opinions, and his past behavior. If one cognitive element follows logically from another, they are said to be consonant to each other. Otherwise, they are dissonance to each other if one does not follow logically from the other (Oshikawa 1969). Dissonance may be aroused by several factors: (1) after making an important and difficult decision; (2) after being coerced to say or do something which is contrary to private attitudes, opinions, or beliefs; and (3) after being exposed to discrepant information (Oshikawa 1969). Because cognitive dissonance causes discomfort feeling, individual tries to alleviate dissonance through several dissonances reducing behavior. Attitude change, opinion change, seeking and recall of consonant information, avoidance of dissonant information, perceptual distortion, behavioral, change, and rationalization are some of the common modes of dissonance reduction (Oshikawa 1969; Rennekamp, Rugar, and Seybert 2015). Studies in cognitive dissonance theory have been applied in several areas including, psychology, organizational behavior, marketing, and accounting. A recent study conducted by Rennekamp, Rugar, and Seybert (2015) investigated the effects of asset impairment reversibility and cognitive dissonance on future investment. Managers may experience cognitive dissonance when recording an asset impairment threatens their confidence in their abilities. They found that in an asset impairment setting, the act of recording the impairment could induce dissonance if the manager feels responsible for the negative performance. This research investigates whether a subordinate that is imposed pressure by his superordinate to conduct accounting manipulation will experience cognitive dissonance. It is predicted that subordinates may experience cognitive dissonance when he follows the order of superordinate to engage in accounting manipulation that is contrary to his beliefs, moral values, and attitudes. If he has opinions, beliefs, and attitudes that stated accounting manipulation is unacceptable, unethical, and illegal but he is forced to engage in such activities, then cognitive dissonance will occur.

Research question 2 is stated as follows:

RQ2: Whether subordinate that obeys authority order to engage in accounting manipulation experience cognitive dissonance and discomfort feeling?

## **3. RESEARCH METHOD**

This research employed the laboratory experiment to answer the research question proposed. There are two experiments. Experiment 1 involved 40 participants and experiment 2 involved 160 participants. So, totally there were 200 subjects involved in this experiment. The experiment was conducted via a computer that connected to the internet network. Researchers developed application software for this research purpose. The development of experimental application software is based on paper and pencil procedures as a pilot test then is converted into computerized procedures. The online experimental approach was chosen for several reasons, i.e. it is more efficient in time, cost, and ease in execution (Brandon et al. 2014).

### **3.1 Participant**

Participants in this experiment are undergraduate and postgraduate students as the proxy of management accountants. Students that eligible to participate in this research are those who have passed the management accounting course. Participants in experiment 1 are undergraduate students of the Faculty of Economics Universitas Islam Indonesia, majoring in accounting. Whereas the participants in experiment 2 are undergraduate and master students of the Faculty of Economics and Business Universitas Gadjah Mada. This experiment uses accounting student as a surrogate of professional for several reasons. The use of students as participants was justified if the experiment did not require specific knowledge and expertise, and not related to complex decision making (Arnold et al. 2004; Ashton and Kramer 1980). This experiment does not require the subject should have work experience because the focus of research is to explore the cognitive aspect of individuals, i.e. judgment and decision making by subject under obedience pressure condition. To improve validity, only the student has passed the accounting management course that eligible to participate. This prerequisite is to ascertain the subject

has appropriate knowledge to understand the case that is exposed in the experiment. Another consideration employing students as a proxy of professional is the ease of execution and cost-efficiency.

### 3.2 Experimental Procedure

Before the execution of the experiment, the subject first invited through an announcement in class to participate in the research with the theme accounting decision making. We also inform that only students have passed the management accounting subjects eligible to participate in this research. The announcement stated that it is free to take part in the experiment, and those who participate will get financial compensation and souvenir. The experiment is conducted in the laboratory. The subject enters the room and then fills in personal data. After finishing fill in personal data, then the subject is provided information concerning company profile and the position of the subject in the company. The subject is assumed as a production manager in the company that has the responsibility to chief operating officer (COO) as his immediate authority. The subject has a task to support COO in executing production policy, determining product material, and preparing product cost analysis. Experimental treatment then is exposed to the subject. The subject is exposed to a case that contains a scenario that depicted his immediate manager (COO) strongly urge him to change product material of robotic toys to the lower quality level and the cheapest cost. Based on market survey, there are four alternatives of material price per unit in the market, ranging from 1. \$ 40 (premium quality); 2. \$ 35 (medium quality); 3. \$ 30 (medium quality); 4. \$ 25 (low quality); and 5. \$ 20 (the lowest quality). The motivation to change product material is to pursue an annual profit target. The change of product material deviates from the contract with the customer. The contract stated that customer provided order to the company in supplying the robotic toys with premium (the best) quality of material, i.e. \$ 40 per unit. However, COO asked subject to change to the lowest and cheapest one, i.e. \$ 20 per unit. The subject then required to determine his decision regarding product material that will be bought. If the subject chooses \$ 40, it indicates that subject reactance to authority order. Otherwise, if the subject chooses \$ 20, it can be inferred that the subject totally obeys authority order. After determining his/her decision, the subject then was asked to describe his feeling, whether he/she felt comfortable or not with his/her decision. There is five Likert scale-like to indicate the existence of cognitive dissonance experienced by subject (1. very uncomfortable; 2. uncomfortable; 3. slightly comfortable; 4. comfortable; 5. very comfortable). The subject also asked whether he experiences dilemmatic feelings in determining his decision.

## 4. RESULTS

To analyze the data, this study used descriptive statistics and correlation analysis. Table 1 depicted the demography of participants. In experiment 1 there are 40 subjects that consist of 16 males (40%) and 24 females (60%), all of them are undergraduate students with the age before 23 years old. In experiment 2, there are 160 subjects consist of 53 males (33%) and 107 females (67%), undergraduate students 105 (65%) dan graduate students 55 (35%).

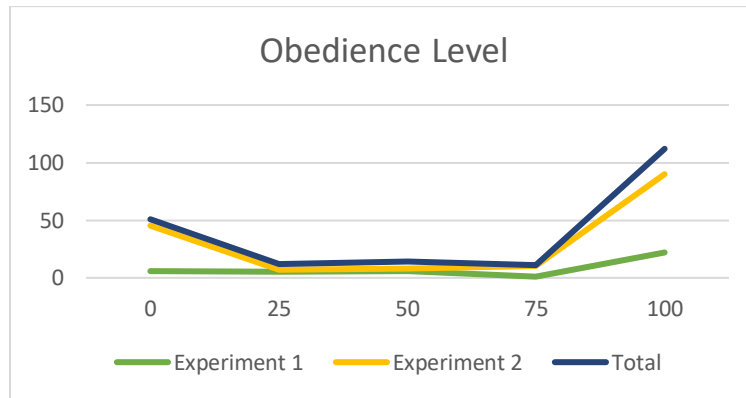
**Table 1.** Demography of Participants

	Experiment 1	Experiment 2	Total
Gender			
Male	16	53	69
Female	24	107	131
Education Level			
Undergraduate	40	105	145
Graduate	-	55	55
Age			
18-22	40	98	138
23-27	-	57	57
28-32	-	3	3
33-37	-	2	2
TOTAL (N)	40	160	200

Based on the result of descriptive statistics analysis depicted in table 2, most subjects tend to obey authority orders to engage in accounting manipulation. In experiment 1 there are 22 subjects (55%) totally obey authority order and only 5 subjects (15%) that totally refuse to follow authority order. The mean of obedience level in experiment 1 is 67,5%. In experiment 2, there are 90 subjects totally adhere to authority order (56,3%), and 47 subjects (28,1%) totally reactance to the authority order. The mean of obedience level in experiment 2 is 64,53%. The results of experiment 1 and 2 indicate that most subjects tend to obey authority order to engage in accounting manipulation. The mean of obedience level in experiments 1 and 2 respectively 67,5% and 64,53% that can be categorized as highly obedient. Subjects that totally obey authority order in experiments 1 and 2 are 55% and 56,3% respectively. It can be interpreted that the tendency of subordinates to obey the authority order to engage in accounting manipulation is greater than the tendency to reactance to such order.

**Table 2.** Obedience Level

Obedience Level (%)	Experiment 1		Experiment 2		Total	
	Frequency	%	Frequency	%	Frequency	%
0	6	15	45	28,1	51	25,5
25	5	12,5	7	4,4	12	6
50	6	15	8	5	14	7
75	1	2,5	10	6,3	11	5,5
100	22	55	90	56,3	112	56
Total (N)	40	100	160	100	200	100
Mean		67,5		64,53		66,01



**Fig.1.** Obedience Level

This study also investigates whether subjects that obeys authority order experience cognitive dissonance or not. Based on Pearson correlation analysis, in experiment 1 there is a negative significant correlation between obedience level with comfort feeling ( $r = -0,508$ ;  $p < 0,01$ ). However, there is no significant correlation between obedience level and dissonance. Dissonance has a positive significant correlation with comfort feeling ( $r = 0,314$ ;  $p < 0,05$ ). There is no significant correlation between obedience level with gender and age.

**Table 3.** Pearson Correlations Matrix Experiment 1(N = 40)

Variable	Obedience	Gender	Age	Dissonance	Comfort
Obedience	1				
Gender	0,091	1			
Age	-0,134	-0,230	1		
Dissonance	0,018	0,301	-0,045	1	
Comfort	-0,508**	-0,073	-0,127	0,314*	1

\*\* Significant at  $p < 0,01$ ; \* Significant at  $p < 0,05$

In experiment 2, there is a negative significant correlation between obedience level with dissonance ( $r = -0,180$ ;  $p < 0,05$ ). Obedience level also has a negative significant correlation with the comfort feeling ( $r = -0,512$ ;  $p < 0,01$ ). It also found that dissonance has a positive significant correlation with comfort feeling ( $r = 0,701$ ;  $p < 0,01$ ). There is no significant correlation between obedience level with gender and age.

**Table 4.** Pearson Correlations Matrix Experiment 2(N = 160)

Variable	Obedience	Gender	Age	Dissonance	Comfort
Obedience	1				
Gender	-0,126	1			
Age	0,017	-0,117	1		
Dissonance	-0,180*	-0,054	-0,035	1	
Comfort	-0,512**	-0,029	-0,55	0,701**	1

\*\* Significant at  $p < 0,01$ ; \* Significant at  $p < 0,05$

Based on correlation analysis results in experiments 1 and 2, there is a consistent result regarding the existence of a strong negative correlation between obedience level and comfort feeling. It can be inferred that subject that adheres to the authority order to engage in accounting manipulation has an unpleasant feeling. Whereas the subject that reactance to such order tends to feel comfortable for the decision he/she made.

## **5. DISCUSSION**

The results of this studies indicate that subordinate obedience level to authority to engage in accounting manipulation has a strong correlation with discomfort feeling. In experiment 2, it is found that obedience to authority order to engage in accounting manipulation has a negative correlation with the psychological dissonance of subordinate. It can be inferred that the subordinates who are forced to obey orders from their superiors to manipulate accounting will experience uncomfortable feeling. This uncomfortable feeling is due to regret or guilt due to engaging in unethical behaviour that is contradict the individual and social norm. This discomfort feeling is the seed for the arousal of cognitive dissonance experienced by the individual. Cognitive dissonance experienced by subordinates due to obeying orders from superiors to take actions that violate ethical norms can have a negative impact on subordinates because they will be haunted by feelings of guilt and lose self-esteem. He/she will feel that he/she is not him/herself but only a puppet for the boss to support whatever orders from the superior even though it violates ethical values. Previous study conducted by Jones (2000) found that cognitive dissonance emanated from the induced compliance paradigm will be accompanied by experienced negative affect. The results of this study also indicate that subordinates who refuse to comply with orders from their superiors to perform accounting manipulation tend not to experience cognitive dissonance. They tend to be more comfortable in their feelings and don't have a psychological burden that can interfere with their work and thoughts. Based on the results of this study, researchers need to find efforts so that subordinates do not become victims of authority pressure to take unethical actions

## **6. CONCLUSION**

The individual as a subordinate in organizational structure has a stronger tendency to obey the authority order to engage in accounting manipulation than to reactance toward such order. This research found there were 55% subjects in experiment 1 and 56,3% subjects in experiment 2 that obey the authority order to engage in accounting manipulation. Whereas research conducted by Milgram (1974) found there are 65% of subjects that adhere to authority order. It can be concluded obedience theory (Milgram 1974) is more powerful in explaining the response of subordinate toward authority order to engage in accounting manipulation than its competing theory psychological reactance theory (Brehm and Brehm 1981). This study also found that there is a significant correlation between obedience and dissonance. Obedience also has a significant correlation with comfort feeling. The individual that obey the authority order to engage in accounting manipulation tends to experience cognitive dissonance and uncomfortable feeling after making the decision. As predicted by theory, individual that experience cognitive dissonance has an uncomfortable feeling. This research provides several theoretical and practical contributions. This research provides insight concerning the application of obedience theory in accounting studies by showing new evidence that supports obedience theory. The result of this result provides implication for accounting education and researcher concerning the effectiveness of education of ethics for accounting students. Accounting education is challenged to find out the way to cut a vicious cycle of destructive obedience to authority in organizations that involves accounting professionals.

### **6.1 RECOMMENDATIONS**

This research has limitations concerning the use of accounting students as surrogate of professionals. So, the results of this study should be interpreted carefully. Future research may use professionals as participants to improve ecological validity. There is an avenue for future research to explore variables that influence the obedience behavior of subordinates, for example the subordinate personality and trait factors. This research can be extended by exploring the interactive effect between situational factor, i.e. authority pressure, and personality factors, i.e. religiosity, moral identity, emotional stability, spirituality, and self-resilient.

## **REFERENCES**

- Arnold, V., Collier, P. A., Leech, S. A., & Sutton, S. G. (2004). Impact of intelligent decision aids on expert and novice decision-makers' judgments. *Accounting and Finance*, 44(1), 1-26.
- Ashton, R. H. & Kramer, S. S. (1980). Students as surrogates in behavioral accounting research: Some evidence. *Journal of Accounting Research*, 18(1), 1-15.
- Blass, T. (1996). Attribution of responsibility and trust in the Milgram obedience experiment. *Journal of Applied Social Psychology*, 26(17), 1529-1535.
- Blass, T. (1999). The Milgram paradigm after 35 years: Some things we now know about obedience to authority. *Journal of Applied Social Psychology*, 29(5), 955-978.
- Brandon, D. M., Long, J. H., Loores, T. M., Phillips, J. M., & Vansant, B. (2014). Online instrument delivery and participant recruitment services: Emerging opportunities for behavioral accounting research. *Behavioral Research in Accounting*, 26(1), 1-23.

- Brehm, J. W. (1966). *A Theory of Psychological Reactance*. New York: Academic Press.
- Brehm, J. W. & Brehm, S. S. (1981). *Psychological Reactance: A Theory of Freedom and Control*. New York: Academic Press.
- Brehm, J. W. & Cole, A. H. (1966). Effect of a favor which reduces freedom. *Journal of Personality and Social Psychology*, 3(4), 420-426.
- Brehm, J. W., Stres, L. K., Sensenig, J., & Shaban, J. (1966). The attractiveness of an eliminated choice alternative. *Journal of Experimental Social Psychology*, 2, 301-313.
- Brown, R. (1986). *Social Psychology*, 2nd Ed. New York: The Free Press.
- Burger, J. M. (2009). Replicating Milgram: Would people still obey today? *American Psychologist*, 64, 1-11.
- Burgess, J. M. (2002). Defiance in obedience research: Motivational orientation and refusing to Acquiesce. *PhD Dissertation*, University of Alberta.
- Carlsmith, J., Lepper, M., & Landauer, T. K. (1974). Children's obedience to adult requests: Interactive effects of anxiety arousal and apparent punitiveness of the adult. *Journal of Personality and Social Psychology*, 30, 822-828.
- Davis, S., DeZoort, F. T., & Kopp, L. S. (2006). The effect of obedience pressure and perceived responsibility on management accountants' creation of budgetary slack. *Behavioral Research in Accounting*, 18, 19-35.
- DeZoort, F. T. & Lord, A. T. (1994). An investigation on obedience pressure effects on auditors' judgments. *Behavioral Research in Accounting*, 6, 1-30.
- Elliot, A. J. & Devine, P. G. (1994). On the motivational nature of cognitive dissonance: dissonance as psychological discomfort. *Journal of Personality and Social Psychology*, 67, 382-398.
- Festinger, L. (1957). *A Theory of Cognitive Dissonance*. Stanford, California: Stanford University Press.
- French, J. R. & Raven, B. (1959). The base of social power. In *Studies in Social Power*, edited by D. Cartwright, 150-167. Ann Arbor: University of Michigan Institute for Social Research.
- Hartmann, F. G. H. & Maas, V. S. (2010). Why business unit controllers create budget slack: Involvement in management, social pressure, and Machiavellianism. *Behavioral Research in Accounting*, 22(2), 27-49.
- Jones, E. H. (2000). Cognitive dissonance and experienced negative affect: evidence that dissonance increases experienced negative affect even in the absence of aversive consequences. *Personality and Social Psychology Bulletin*, 26(12), 1490-1501.
- Laupa, M., Turiel, E., & Cowan, P. (1995). Obedience to authority in children and adults. In M. Killen & D. Hart (Eds.), *Morality in everyday life: Developmental Perspectives* (pp. 131-165). Cambridge, UK: Cambridge University Press.
- Lefkowitz, D. (2007). On a moral right to civil disobedience. *Ethics*, 117, 202-233.
- Lord, A. T. & DeZoort, F. T. (2001). The impact of commitment and moral reasoning on auditors' responses to social influence pressure. *Accounting, Organizations and Society*, 26(3), 215-235.
- Mahmudi & Supriyadi. (2019). The effects of religiosity on earnings management under obedience pressure. *Journal of Economics, Business, and Accountancy Ventura*, 22(1), 73 - 83.
- Mayhew, B. W. & Murphy, P. R. (2014). The impact of authority on reporting behavior, rationalization and affect. *Contemporary Accounting Research*, 3(2), 420-443.
- Milgram, S. (1963). Behavioral study of obedience. *Journal of Abnormal and Social Psychology*, 67, 371-378.
- Milgram, S. (1964). Group pressure and action against a person. *Journal of Abnormal and Social Psychology*, 69, 137-143.
- Milgram, S. (1965a). Liberating effects of group pressure. *Journal of Personality and Social Psychology*, 1, 127-134.
- Milgram, S. (1965b). Some conditions of obedience and disobedience to authority. *Human Relations*, 18, 57-76.
- Milgram, S. (1967). Obedience to criminal orders: The compulsion to do evil. *Patterns of Prejudice*, 1, 3-7.
- Milgram, S. (1974). *Obedience to authority: An experimental view*. New York: Harper & Row.
- Mintz, S. M. & Morris, R. E. (2017). *Ethical obligations and decision making in accounting: Text and cases*. 4th Ed. New York: McGraw-Hill Education.
- Oshikawa, S. (1969). Can cognitive dissonance theory explain consumer behavior? *Journal of Marketing*, 33, 44-49.
- Passini, S. & Morselli, D. (2013). The triadic legitimacy model: Understanding support to disobedient groups. *New Ideas in Psychology*, 31, 98-107.
- Passini, S. & Morselli, D. (2009). Authority relationships between obedience and disobedience. *New Ideas in Psychology*, 27, 96-106.
- Passini, S. & Morselli, D. (2010). The obedience-disobedience dynamic and the role of responsibility. *Journal of Community & Applied Social Psychology*, 20, 1-14.
- Rennekamp, K., Rugar, K. K., & Seybert, N. (2015). Impaired judgment: The effects of asset impairment reversibility and cognitive dissonance on future investment. *The Accounting Review*, 90(2), 739-759.
- Southard, A. C. (2014). Who will defy authority? Personality features and destructive obedience in the Milgram paradigm. *PhD Dissertation*. The University of Southern Mississippi.
- Werhane, P. H., Hartman, L. P., Moberg, D., Englehardt, E., Pritchard, M., & Parmar, B. (2011). Social constructivism, mental models, and problems of obedience. *Journal of Business Ethics*, 100, 103-118.