

Malaysian Public Sector Ethical Stimulants

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Abstract

Public becomes inquisitive about the role of public sector in mitigating fraud, corruption and corporate misconduct. Downe, Cowell, & Morgan, (2016) suggest that public sector agencies with highly ethical leaders and proper guidelines not only be able to prevent unethical behaviour but also improve its productivity and services performances. This research is conducted with the objective to identify ethical stimulants in Malaysian public sector agencies. In addition, it aims to determine the five ethical stimulants. Agency members' viewpoints were obtained using quantitative survey-based questionnaires. Exploratory factor analysis suggests five ethical stimulants which include ethical leadership, ethical employees, spiritual encouragement, spirituality acceptance, and ethical guidelines.

Keywords: ethical leadership, ethical employees, spiritual encouragement, spirituality acceptance, ethical guidelines

1. Introduction

Malaysia has shown its commitment to combat corruption in response to some report highlighting its government inefficient bureaucracy, corruption and lowly work ethics amongst its workforce. National Integrity Plan was launched in 2004 focusing on moral and spiritual values. Despite this, over the years, media highlights corporate and financial scandals, such as Bumiputra Malaysia Finance, Sime Darby, PERWAJA Steel Bhd, Transmile, LFE Corporation Bhd., Linear Corporation Bhd., Kenmark Industrial and PKFZ (Ismail, 2013), IMDAB Corporation and Tabung Haji. All these incidences have received considerable attention from the public and the media (The Star on Line, May 10, 2015; The Straits Times, March 10, 2015). According to Sims (2002) in many cases, the wrongdoing of personnel in any organization has been found to be due to the absence of ethical self-identity. This study intends to identify ethical stimulants in Malaysia public agencies from the perspectives of internal stakeholders' directive.

2. Literature Review

Previous research (Cherrington and Cherrington (1985), Chappell and Di Martino (2000), Weaver, Treviño, & Cochran (1999), Vardi & Weitz (2004)) examine various factors related to ethics including theft in the workplace, violent behaviour at work, ethical quality within small sample. The current study probes into internal stakeholders' directive measured using ethical leadership, ethical employee, spirituality encouragement, spirituality acceptance, and ethical guidelines.

Literature indicates the spotlight is on effective leadership rather than ethical leadership. Ciulla (1998) stated, "it is remarkable that there has been little in the way of sustained and systematic treatment of the subject [ethical leadership] by scholars". Few available definitions for ethical leadership include by Lord and Maher (1991) and Brown, Treviño, & Harrison (2005) which emphasise the persona of a leader.

Corporate scandals (Enron, WorldCom) raised the issue of ethicality among corporate leaders and political leaders. As a result, practitioners and researchers are increasingly interested in ethical leadership. (Brown & Treviño, 2006; Brown et. al, 2005) argued that ethical leadership positively affects organizational performance while helping develop the forces that shape employees' moral decision-making. Recent research (Norazamina, Azizah, Najihah & Suraya, 2018) explored the leadership moral characteristics and the guidelines within the Malaysian public sector.

Treviño et al. (2003) propose that leadership persona should complemented with good reward system and interaction. Shamas-ur-Rehman, Toor & Ofori (2009) highlighted leaders with good ethics would be able to transform employees' attitudes and organizational culture positively. Kalshoven, Den Hartog & De Hoogh (2012) highlights

the substance of having multi measures of ethical leaders which supports previous research. While Riggio, Zhu, Reina & Maroosis (2010) proposed a virtue-based ethics approach for understanding ethical leadership.

Many studies in the past discuss about ethical leadership measurements (Kalshoven et al. (2012), Mayer et al. (2012) De Hoogh & Den Dertog (2008) Hanges & Dickson, 2004; House & Aditya, 1997, Detert, Treviño, Burris, & Andiappan, 2007). The current study, ethical leadership is measured based on three different scales which adapted from leadership role model and Kaptein et al. 2005. The unethical acts of employees can also lead to the scandals and outrage that can destroy careers and even organizations. Ethical employees are those who voluntarily support the organization values (Robinson & Bennett, 1995 Massi-Lindsey, Yun and Hill, 2007). Lacks ethics among the personnel leads to the wrongdoing. Ethical audit should be encouraged (Deloitte & Touche, 2002). The Herald (2013) highlights the ethical elements of ethical employees as integrity, valuing diversity, cooperative, accountability, teamwork and commitment. Other research (Ajzen & Fishbein (1980), Trevino (1992) Abdullah, Sulong & Said (2014)) attempts to link theory of reasoned action to the employees' behaviour.

Roozen, Pelsmacker, and Bostyn (2001), public-sector employees are expected to be more concerned about ethical aspects than those in the private sector. This might be due to the high degree of respect and trust from the public. Trevino, Hartman and Brown (2000) believe that an ethical employee is a substantive basis to become an ethical leader. Even the mass media has highlighted concern about the need for ethical employees. Thus, an organizational ethical self-identity precautionary model that identifies ethical employees would assist the government agencies in introducing precautionary measures, as well as in terms of the monitoring and surveillance aspects of their management. Indeed, it would help prevent mismanagement or misconduct and, in turn, gain public trust.

Multiple stances on workplace spirituality. Generally, spirituality can be categorised into religious and non-religious. Some (Koenig, McCullough, & Larson (2001), Baggini (2008)) argue that spirituality is a personal quest includes unobservable emotional feelings or behaviour which then leads to motivation. Thompson (2000) suggested that workplace spirituality is an encouraging factor which supplements the understanding and identification of the inner and inward life of the employees. This encourages self-enforcement ethical values. Spirituality combines with transactional actions and transformational leadership would enhance the organisation's performance (Afsar, Badir and Kiani, (2016), Pawar (2016), Djafri et al. (2017))

Spirituality acceptance as measured by the measurement used in study's Afsar et al. (2016). In this view, spirituality acceptance is the acceptance of individual/organization in promoting employees' experience of transcendence and togetherness with other colleagues' meaning of life. Organization differs in terms of activities, cultures and value. Consequently the ethical values and risk also differ. Previous research (Paine (2003), Treviño & Nelson (1995)) suggest that employees be aware of the organizational settings could discourage misconducts. This can be ensured through establishment of code of conduct (Kaptein et al. (2005))

In conclusion, code of conduct which is a normative influence framework couple with ethical leaders, positive organisational values, personal needs at higher level of Maslow's Hierarchy, and good enforcement would inspire the employees to work ethically (Trevino & Youngblood (1990), Ashkanasy et al. (2000), Roozen et al. (2001), (Elango, Pau, Kundu & Paudel, 2010), Lu & Lin (2014))

3. Methodology

Data for this study was collected using a questionnaire survey. The objective of the survey is to obtain responses from key informers from five categories of the public sector: statutory bodies, state departments, federal departments, district and land offices, and the local authorities which enable generalization of the appropriateness reflective measures of ethical self-identity in the public sector. The population of this study consists of 203 government agencies/departments. The final sample of 141 was selected at based on stratified random sampling; as shown in Table 1.

Table 1. Sample distribution

	Population	Sample
Statutory Body	33	23
State Department	49	34
Federation Department	62	43
District and Land Office	29	21
Local Authority	30	20

Self-administered questionnaires were distributed in person to three (3) key informers from each government agency with the assistance of three trained enumerators. The key informers were from executive level and above. Finally, from the total of 423 questionnaires distributed (141 agencies x 3 government servants), 400 questionnaires were received, representing an overall response rate of 95%. After data cleaning process 395 data were useful for statistical analysis using SPSS software version 21.0. The reliability analysis was conducted to measure the stability and consistency of the instruments. In addition, factor loading analysis was run to reduce the large number of variables to a smaller set of underlying factors; thus, the essential information in the variables could be summarized.

4. Results and Discussion

The Cronbach's alpha under reliability test for each construct exceeds 0.60, which indicates that the measurement scale of the all constructs have internal consistency. The test shows that some items for each construct need to be deleted, which increases the Cronbach's alpha; as shown in Table 2. This indicates that factors chosen are reliable.

Table 2. Reliability Test

	EL	EE	SE	SA	EG
Original Items	21	17	8	7	28
Before Delete CAlpha	0.970	0.967	0.913	0.942	0.978
Items Deleted	2	1	1	1	0
New Items	19	16	7	6	28
After delete item CA	0.978	0.969	0.917	0.956	-

Note: EL= Ethical Leadership, EE= Ethical Employees SE= Spiritual Encouragement, SA= Spirituality Acceptance, EG= Ethical Guidelines.

To construct a reliable test, factor analysis is an additional means of determining whether items are tapping into the same construct. There are seven methods of factor extraction, which this study chooses PAF (Principle Axis Factoring).

In Exploratory Factor Analysis, an examination of the correlation matrix indicates that a considerable number or correlations exceed 0.3, so the matrix is suitable for factoring. Table 3 shows the results of the KMO and Bartlett's Test and total variance explained before and after further deletion of items. It displays Bartlett's Test of Sphericity is significant at 0.00 (less than 0.05) and the KMO is greater than 0.60. The significant result indicates that the correlation matrix is significantly different from an identity matrix, in which correlations between variables are all zero. Anti-image correlation matrix reveals that all our measures of sampling adequacy are well above the acceptable level of 0.5. The total variance explained for each attribute of ethical self-identity had increased after further deletion of items were made except for ethical leadership and spirituality acceptance which remain the same because no further deletion of items were made.

Table 3. KMO and Bartlett's Test and total variance explained

	EL	EE	SE	SA	EG
New Items	19	16	7	6	28
KMO	0.965	0.952	0.900	0.896	0.959
Bartlett's Test	0.000	0.000	0.000	0.000	0.000
Total variance explained	69.56%	74.24%	63.57%	78.62%	69.89%
Items deleted	-	2	1	-	9
KMO	0.965	0.946	0.901	0.896	0.946
Bartlett's Test	0.000	0.00	0.000	0.000	0.000
Total variance explained	69.56%	76.67%	68.63%	78.62%	75.54%
Final items		14	6	5	19
Factoring	1 factor	2 factors	1 factor	1 factor	3 factors

In addition, the principal axis for factor analysis with varimax rotation was conducted to assess the underlying 19 reflective measures of ethical leadership, 16 reflective measures of ethical employees, 7 reflective measures of spiritual encouragement, 6 reflective measures of spirituality acceptance and 28 reflective measures of ethical guidelines (internal stakeholders' directive), all assumptions for independent sampling were met. The extraction results in one (1) factor of ethical leadership with 69.56% of the variance, in two (2) factors of ethical employees with 74.24% of the variance, in one (1) factor of spiritual encouragement with 63.57% of the variance, in one (1) factor spiritual acceptance with 78.62% of the variance, and in three (3) factors of ethical guidelines with 69.89% of the variance. From the 16 items of ethical employees, the rotated factor matrix determined that two (2) need to be deleted, leaving 14 items. From the 7 items of spiritual encouragement, the rotated factor matrix determined that one (1) needs to be deleted, leaving 6 items. From the 28 items of ethical guidelines, the rotated factor matrix determined that nine (9) need to be deleted, leaving 19 items.

5. Conclusion

Corruption is a global phenomenon affecting almost every part of the world and often considered as the most talked issue in the world. Ethical self-identity is introduced as an effective tool to prevent or at least mitigate the fraud and corruption rate. The main objective of this study is to measure the reliability of items in five attributes of ethical self-identity and to summarize them into a set of factors. The suitable measurement of ethical self-identity in Malaysian public sector is explored which includes five determinants with confirmed reflective measures (RM: ethical leadership (19 RM) ethical employees (14 RM), spiritual encouragement (6 RM), spirituality acceptance (6 RM), and ethical guidelines (19 RM).

The results of this study may assist the government agencies and departments to instil all five stimulants of ethical self-identity in Malaysian public agencies and in other public sector with similar setting in Malaysia. Furthermore, the reflective measures for each determinant can be applied to assess the ethical self-identity of the organization. It is hoped, this study will provide clear ethical direction to public officials in ensuring the survival of the Malaysian Public Sector.

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