

# Attributes of Ethical Leadership and Ethical Guidelines in Malaysian Public Sector

M. Norazamina, A. Azizah, Y. Najihah Marha, A. Suraya

**Abstract**—Malaysian Public Sector departments or agencies are responsible to provide efficient public services with zero corruption. However, corruption continues to occur due to the absence of ethical leadership and well-execution of ethical guidelines. Thus, the objective of this paper is to explore the attributes of ethical leadership and ethical guidelines. This study employs a qualitative research by analyzing data from interviews with key informers of public sector using conceptual content analysis (NVivo11). The study reveals eight attributes of ethical leadership which are role model, attachment, ethical support, knowledgeable, discipline, leaders' spirituality encouragement, virtue values and shared values. Meanwhile, five attributes (guidelines, communication, check and balance, concern on stakeholders and compliance) of ethical guidelines are identified. These identified attributes should become the ethical identity and ethical direction of Malaysian Public Sector. This could enhance the public trust as well as the international community trust towards the public sector.

**Keywords**—Check and balance, ethical guidelines, ethical leadership, public sector, spirituality encouragement

## I. INTRODUCTION

**P**UBLIC sector refers to the entities that exist and people employed for public purpose [1]. These entities consist of a number of different forms of organization. Public sector in New Zealand consists of public sector, state sector, state service and public services [2]. Meanwhile, Malaysia has five categories of public sector organizations which are state departments, federal departments, statutory bodies, local authorities and district and land office. Public sector organizations located in whatever countries are meant to provide efficient and ethical public services. In other words, they must hold high level of integrity. However, in reality if the public sector organizations are not well managed, integrity may be easily violated and this resulted to corruption as reported in Sweden [3] and India [4]. Malaysia had also experienced public sector financial scandals such as PKFZ [5], 1MDB Corporation and Tabung Haji [6], [7]. These financial scandals have received attention from the public and media.

N. M is with the Faculty of Accountancy, Universiti Teknologi MARA, 23000 Terengganu, Kampus Dungun, Malaysia (phone: 609-8400289; fax: 609-8400288; e-mail: norazami@tganu.uitm.edu.my).

A. M is with the Faculty of Accountancy, Universiti Teknologi MARA, 42300 Selangor, Kampus Puncak Alam, Malaysia (phone: 603-55437806; email: aziza588@salam.uitm.edu.my).

N. Y is with the Faculty of Accountancy, University Teknologi MARA, 23000 Terengganu, Kampus Dungun, Malaysia (phone: 609-8403885; email: najihahm@tganu.uitm.edu.my).

S. A is with the Faculty of Accountancy, Universiti Teknologi MARA, 23000 Terengganu, Kampus Dungun, Malaysia (phone: 609-8403933; email: suraya4993@tganu.uitm.edu.my).

Mainstream newspapers have reported on the misbehavior of some members of the Federation Department, Local Authorities, State Department, Statutory Bodies and Land and District Office [8]-[10]. These blunders have raised questions of the effectiveness of government agencies or departments in the form of human capital and regulation in further combating such corruption. It is quite upsetting to have these members involved in immoral activities that affect the quality life of Malaysian citizens. These cases signified that some members of the Malaysian Public Sector were unable to uphold ethical conduct and comply with the ethics regulation. Leaders who cannot set a good example and who cannot establish well-execute ethical guidelines may affect the Malaysian Public Sector's image. It represents lacking of an enforcement mechanism and weak ethical culture. If these are not to be prevented internally, it would prolong the negative perceptions towards the Malaysian Public Sector. Therefore, initial precaution efforts in preventing crime and corruption should start by the leaders of public sector that is to sound ethical practices through well written and executed ethical guidelines.

The Malaysian Public Sector needs to have ethical leadership and ethical guidelines which are two important ethics elements towards self-identity precautionary. In addition, this identity will enhance ethical self-governance and secure the public trust. Ethical leadership with well execute ethical guidelines will assist the government agencies or departments to execute precaution monitoring and surveillance aspect of their management in avoiding mismanagement or misconduct or corruption.

The objectives of this paper are:

- to explore the attributes of ethical leadership in the public sector.
- to explore the attributes of ethical guidelines in the public sector

## II. METHODOLOGIES

This study employs a qualitative research by analyzing data from interviews with key informers of the public sector using conceptual content analysis (NVivo11). Criterion purposive sampling was used. Four government agencies were selected on the basis of their well-known identity of ethical practices. Selected personnel, referred to as key informers (KI) with relevant experience and knowledge of the subject matters under study were interviewed from a statutory body, local authority, state department and federation department. The total KI interviewed was 31. The KIs from each government agencies or departments were interviewed by the researchers using protocol questions and was recorded manually using the

field notes. The recording is organized chronologically using both tacit and explicit information. The researchers' involvement during the interview is for validity and reliability purposes.

The data is analyzed by performing conceptual content analysis using NVivo11 software. This is to determine the attributes/themes in the ethical leadership and ethical guidelines. Thus, this analysis concurs ethical leadership and ethical guidelines as valid concepts to be developed under the organizational ethical self-identity precautionary model.

### III. LITERATURE REVIEWS

A review of the literature suggests that wrongdoings of personnel in any organization are due to the absence of ethical leadership [11], [12] and ethical guidelines or code of ethics [13], [14]. According to [15], ethical leadership is someone who has the ability to be a role model, uphold moral behaviors and have a good relationship with organizational members. If ethical leadership is ignored, it may have a negative impact on the workforce and the organization. Lack of ethical leadership will put organization at risk. Leaders who cannot act ethically will create and cause potential ethical problems such as fraud and corruption.

One of the characteristics to be an ethical business organization is leadership [16]. An organization is ethical when its leaders demonstrate ethical practices in any situation. This leadership should be able to make ethical choices in all areas of the decision-making process, and by doing so, can successfully create an ethical culture in the organization. Only leaders can ensure an ethical system is in good tact, practical and implementable. In other words, leaders are the heart and soul of an organization, and thus, are in the position to support ethical conduct in their organizations through the establishment of ethical guidelines. Ethical guidelines or code of ethics is a formal written statement to portray ethical practices of organizations that monitors and influences the employees' ethical behavior [17] and prevent fraud [18]. Ethical guidelines reflect the attitude of an organization, which come from the heart and soul of the organization. The literature concurs that a leader with ethical leadership is one who shows a good example (role models), communicates the importance of ethical standards or ethical guidelines, ensures employees are accountable to those standards or guidelines and creates a good working environments [16]. Thus, government agencies or departments need ethical leadership and ethical guidelines as an internal solution to uphold ethical self-identity which will subsequently improve the employees' behavior or conduct or decision. An organization that cultivates ethics through behaviors (ethical leadership) and rules (ethical guidelines) will earn respect and trust from its employees, customers, suppliers and the public. As a result, public sector organizations with ethical leadership and ethical guidelines will be able to improve their services performances and productivity.

Ethical leadership is not only about setting a good example but also to stimulate ethical conduct of employees by having a sound understanding of the ethical quality and ethical progress

of the organization [19]. Leadership by example and the guidelines to be followed are the most crucial factors of the best conduct of the government that leads to ethical employees. Ethical leadership and ethical guidelines lead to positive outcomes such as emulate appropriate behavior, influence employees to be accountable for their conduct and influence quality ethical decisions [20]. Having ethical leadership and ethical guidelines should restore trust toward the organization.

According to [21], ethical conduct of an organization will be higher if leaders and organizational norms encourage and support ethical conduct, as highlighted in the ethical guidelines by rewarding ethical conduct and punishing unethical conduct among employees. A study by [22] revealed that ethical leadership had a significant positive effect on both the measurement of leadership behavior: organizational directed and individual directed. The study concludes that the leader with high ethical values enables to inculcate more helping behavior through reciprocal exchange among employees. While a study by [17] has highlighted ethical guidelines or code of ethics can be effective mechanism to promote ethical behaviour. On that remark, through ethical leadership and ethical guidelines, ethical culture will be created which consequently leads to increasing trust towards the public sector and continuous survival of the public sector.

### IV. FINDINGS

The number of KI interviewed in this study is shown in Table I. KIs are the manager/head of department/unit in the respective statutory body (SB), local authority (LA), federation department (FD) and state department (SD).

TABLE I  
NUMBER OF KEY INFORMERS ACCORDING TO FOUR CATEGORIES OF PUBLIC SECTOR

	SB	LA	FD	SD
No. of Key Informers	110	66	99	6

The findings of this study have similarities with the outline given by [23] related to ethical leadership. The KIs in this study have highlighted eight attributes of ethical leadership which are role model, attachment, ethical support, knowledgeable, disciplined, leaders' spirituality encouragement, virtue values and shared values, as shown in Fig. 1.

According to [23] cited in [24], ethical leadership is about model ethical behavior, where a leader must adhere to high ethical standards, treats others with respect and authenticity, willing to talk honestly about ethical choices in working life, adopt transparency in decision-making and communications, recognize and reward examples of ethical behavior and treats ethics as an ongoing learning journey. This study found similar attributes when the KIs indicate ethical leadership is concerning that of role model, attachment, ethical support, knowledgeable, disciplined, virtue values and shared values. This study found one additional attribute which was not discussed in the literature, which is the leaders' spirituality

encouragement. The coverage of ethical leadership attributes is shown in Table II.

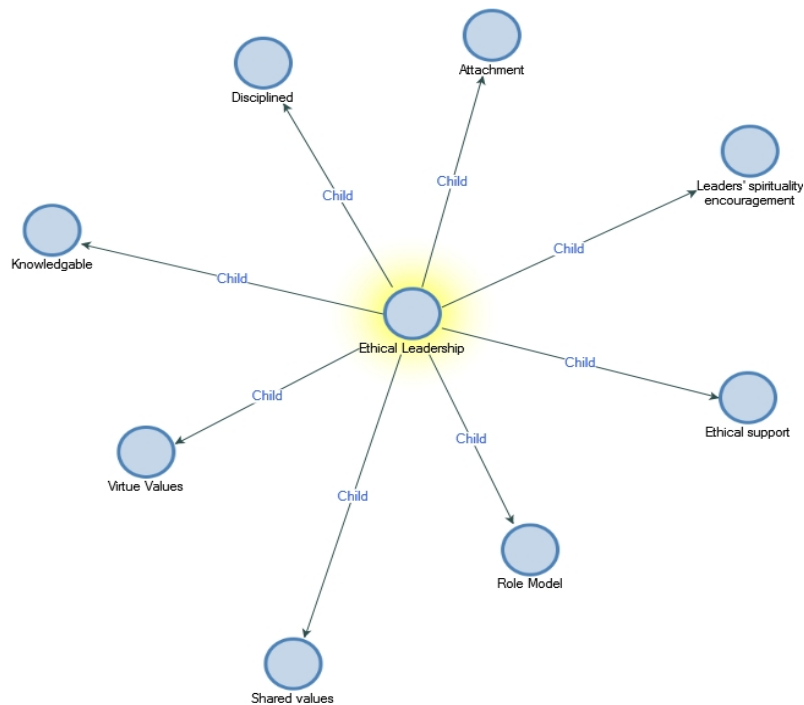


Fig. 1 Attributes of ethical leadership

TABLE II  
COVERAGE OF ETHICAL LEADERSHIP ATTRIBUTES

Attributes	Explanation/Sub attributes
Role Model	Ethical by example
	a. Ethical Values by example
	b. Self-behavior by example
Attachment	c. Proper/Accurate execution by example
	Communication
	a. Firm messages/statement
Ethical support	b. Clear instructions
	c. Direct Interaction/
	Acknowledgement
Knowledgeable	Concern
	a. Caring
	b. Consideration
Disciplined	c. Understandable
	Approachability
	a. Willing to listen
Virtue values	b. Willing to learn
	c. Willing to give and take
	a. Consistent ethics reminder
Shared values	b. Against immoral activities
	a. Works related knowledge
	b. Relevant related knowledge
Leaders' Spirituality Encouragement	Control of one's behavior and actions
	a. Understand company's objectives/aims
	b. Understand own work
	c. Be Strict
	d. Follow rules
	Responsible, independent view, competency, be neutral, firm, honest and hold to religion.
	Accountability, teamwork, customer focused, continuous improvement, good governance, confidentiality, integrity, transparent.
	Holistic and inter connected

According to the KIs interviewed, the element of ethics practiced in each area/unit/section/department with complete ethical guidelines or code of ethics is still in progress. KIs agree that ethical guidelines or code of ethics have five attributes which are guidance, communication, check and balance, concerns of stakeholders and compliance, which is shown in Fig. 2.

The detail coverage of ethical guidelines attributes is shown in Table III.

TABLE III  
COVERAGE OF ETHICAL GUIDELINES ATTRIBUTES

Attributes	Explanation/Sub attributes
Guidance	Statement of Policy (Integrity, No Gift)
	Workplace Requirement
	Employees Values
Communication	Formal Up-Front
Check and Balance	Preventive Minimize pressure
Concern of stakeholders	Customer Public
Compliance	Follow procedures Firmed Regulation

## V.CONCLUSION

Great ethical attention given to the leader and organization's guidelines will ensure members are able to uphold high moral ideals and ethical standards, and impact Malaysia in becoming a nation of integrity.

Ethical leadership and ethical guidelines provide directions and guidance to society and the nation at large according to the aspiration stated by Malaysian Institute of Integrity through its National Integrity Plan (NIP).

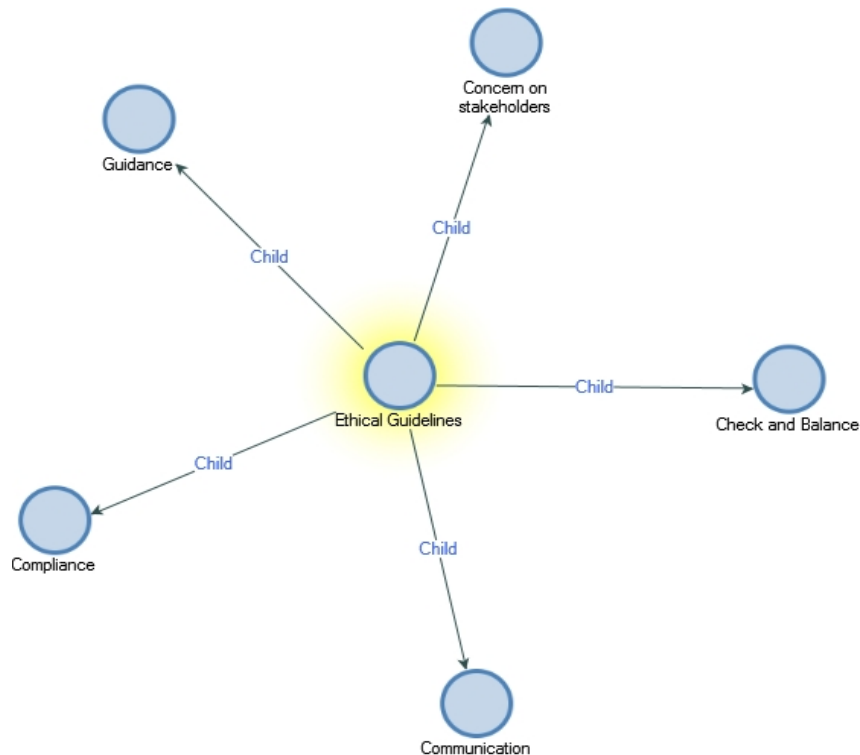


Fig. 2 Attributes of ethical guidelines (code of ethics)

## ACKNOWLEDGMENT

Author thanks Malaysian Ministry of Higher Education (KPT) for the financial support.

## REFERENCES

- [1] PSC (Public Sector Commission), Retrieved from <https://publicsector.wa.gov.au/about-us/what-public-sector>, July 2014.
- [2] SSC (State Services Commission), Retrieved from <http://www.ssc.govt.nz/what-is-the-public-sector>, July 2014.
- [3] A. Bergh, G. Fink and R. Ohrvall, *Public Sector Size and Corruption: Evidence from 290 Swedish Municipalities*. IFN Working Paper No 938, Research Institute of Industrial Economics, 2012.
- [4] A. Sharma, "Private Sector also involved in corruption: Transparency report", New Delhi, March 22, 2012.
- [5] R. William, "Linear blames weak internal control", *Financial Daily*, 2010.
- [6] The Star On Line, "Tabung Haji: Three firms want to buy 1MDB land". Retrieved 3 June 2015 from <http://www.thestar.com.my/News/Nation/2015/05/10/Fund-We-have-ready-buyers/>, May 10, 2015.
- [7] The Straits Times, "Broad mandate' to probe Malaysia's 1MDB accounts: Auditor-General". Retrieved 2 June 2015 from <http://www.straitstimes.com/news/asia/south-east-asia/story/broad-mandate-probe-1mdb-accounts-auditor-general-20150310>, Mac 10, 2015.
- [8] G. C. Tan, "Immigration officers and contractor nabbed over bribes totalling RM27mil. The Star Online Nation (Tuesday, 9 May 2017)". Retrieved from <http://www.thestar.com.my/news/nation/2017/05/09/immigration-officers-and-contractor-nabbed-over-bribes-totalling-rm27mil/>, 2017.
- [9] Malay Mail OnLine, "Public procurement most vulnerable to corruption, ssyd Auditor-General". Retrieved June 2017 from <http://www.themalaymailonline.com/malaysia/article/public-procurement-most-vulnerable-to-corruption-says-auditor-general>, 2017.
- [10] S. Ram, "How Malaysian immigration officers ran a massive corruption scam (and got away scot-free)". Retrieved May 2017 from <http://says.com/my/news/the-massive-corruption-scam-spearheaded-by-malaysian-immigration-officers>, 2016.
- [11] B. Soltani, "The anatomy of corporate fraud: A comparative analysis of high profile American and European corporate scandals", *Journal of Business Ethics*, 150: 251-274, 2014.
- [12] L. R Dominguez, I. G Alvarez, I. M. G Sanchez, "Corporate governance and codes of ethics", *Journal of Business Ethics*, 90, 187-202, 2009.
- [13] V. Lebbon, "Without Proper Regulation, is Corporate Social Responsibility Just a Public Relations Tool?", *Journal of Promotional Communications*, 5(1), 23-30, 2017.
- [14] H. McCraw, K. S Moffeit, K. S, & J. R. O. M Jr, "An analysis of the ethical codes of corporations and business school", *Journal of business Ethics*, 87, 1-13, 2009.
- [15] M. Kaptein, "Developing and testing a measure for the ethical culture of organizations: the corporate ethical virtues model", *Journal of Organizational Behavior*, 29: 923-947, 2008.
- [16] C. Philips, "Six characteristic of an ethical business". Retrieved June 2017 from <http://www.ethicalsystems.org/content/Leadership>, 2017.
- [17] B. Stevens, "Corporate Ethical Codes: Effective For Influencing Behaviour", *Journal of Business Ethics*, 601-609, 2008.
- [18] S. Singh, *Combating Fraud in the Current Economic Downturn: Do Organisations Have Effective Measures in Place?* Paper presented at the Asia Pacific International Conference On Forensic Accounting and Financial Criminology, 2009.
- [19] M. Kaptein & S. Avelino, "Measuring corporate integrity: a survey-based approach", *Corporate Governance*, 5(1), 45-54, 2005.
- [20] M. E Brown & L. K Treviño, "Ethical leadership: A review and future directions", *The Leadership Quarterly* 17, 595-616, 2006.
- [21] L. K Trevino, "Developing and Changing Organizational Ethics: A Cultural Approach", *Research in Organizational Change and Development*, 4, 195-230, 1990.
- [22] C. Lu & C. Lin, 2014, "The effects of ethical leadership and ethical climate on employee ethical behavior in the international port context", *Journal of Business Ethics*, 124: 129-223, 2014.
- [23] L. F Thorton, *7 lenses : learning the principles and practices of ethical leadership*, Richmond, VA : Leading in Context LLC, 2013.
- [24] P. Fernandez, P. "How to be an ethical leader" Business News Daily Contributor. Retrieved June 2017 from <http://www.businessnewsdaily.com/5537-how-to-be-ethical-leader.html>, 2017.

**M. Norazamina** is a PhD holder in Accountancy with completed thesis titled “Corporate Ethical Governance and Accountability: Malaysian Evidence of Self-Regulating Ethical Culture”. She is currently holding a post as Coordinator of Research Management Unit, Universiti Teknologi MARA, Terengganu Branch. Dr Norazamina is the associate member of Malaysian Institute of Accountant (MIA).

**A. Azizah** is a PhD holder in Accountancy. She had two PhD students graduated under her in the area of governance and ethics and is currently supervising another two PhD students in the area of whistleblower and governance. She is now holding a post as Director of Quality Assurance, Universiti Teknologi MARA, Shah Alam. Associate Professor Dr Azizah is a past finalist of CIMA.

**Y. NajihahMarha** is a PhD holder in Accountancy with completed thesis titled “The Effect of Internatioanl Financial Reporting Standards (IFRS) Adoption on Audit Pricing and Audit Timeliness: Evidence from Malaysia”. She is currently holding a post as Coordinator of Academic Accreditation, Curriculum Affairs Unit, Universiti Teknologi MARA, Terengganu Branch. Dr Najihah the associate member of Malaysian Institute of Accountant (MIA).

**A. Suraya** holds a Master of Science in Accounting with completed dissertation titled “The Efficiency of Islamic and Conventional Commercial Banks in Malaysia: An analysis of Corporate Governance Determinants ”. She is currently holding a post as ‘Penyelaras’ of Faculty of Accountancy, Universiti Teknologi MARA, Terengganu Branch. Madam Suraya is the associate member of Malaysian Institute of Accountant (MIA).