

Predictors Influencing Local Council Officers' Level of Integrity

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Integrity deficiency issues still persist up until this day, in which they are not showing any signs of reduction. The current study hence aims to examine whether possible factors, namely leadership, code of ethics, and moral awareness would increase the level of integrity among civil servants, particularly in Malaysian public sector. Primary data was collected via questionnaire responses, in which these questionnaires were distributed to local councils. These local councils consist of city councils, municipal councils, and district councils. Findings concluded that leadership and moral awareness are strong predictors towards level of integrity. Findings from this study is hoped to prompt governments to initiate serious efforts to tackle the integrity deficiency issues that has been shackling the civil services.

Field of Research: Accounting, Financial Criminology

Keywords: Integrity, Local Council, Leadership, Code of Ethics, Moral Awareness.

Classification Codes: G230; M410; O330.

1. Introduction

Integrity has been an appealing research topic since the past twenty years (Kolthoff et al. 2013). It has become the main priority for an organization or a national strategic value in enhancing competitiveness (Storr 2004; Lee 2005, Thoms 2008; Duggar 2011). According to the Organization for Economic Cooperation and Development (OECD) (2009), public trust is measured in terms of civil servants' integrity. It is hence reflected as the key determinant of public trust. In 2015 OECD Report, it was revealed that extra effort need to be in place to identify and moderate conflicts of interest, and other breaches of integrity in order for countries to restore trust in government.

As reflected by the Global Integrity Report in 2010, developing countries are still facing considerable dilemma in shaping the culture of integrity within its civil servants (Othman et al. 2014; Siddiquee 2010; Pon & Othman 2010). Having integrity is very important to gain trust from stakeholders. However, it is sad to see that there are evidences of integrity violation committed by civil servants. Some of them captured public interest as they have been disclosed by mainstream media.

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Based on this, the current research is aimed at examining factors determining the level of integrity among local council officers. As such, the research question to this study is developed to be:

“What are the potential determining factors for integrity amongst local council officers?”.

Focus is given on how integrity of civil servants can be strengthened. This study anticipates that findings may provide some useful insights on integrity issues within the public sector, especially local councils in Malaysia. Hence, these findings are hoped to contribute some information on the importance of integrity and how to encourage good values in local councils. Findings of this study is also unique in a sense that they offer insight to Malaysian local councils pertaining to potential strategies that can be taken to move towards high level of integrity amongst their employees. Findings from this study can be applied at any level of management, both in private and public sectors. The remainder of this paper is organized as follows. Section 2 contains literature review. Section 3 provides methodology. Results are reported in Section 4 and conclusions are provided in Section 5.

2. Literature Review and Hypothesis Development

The Malaysian Government has implemented numerous efforts in combating corruption and promoting integrity among the society, particularly among civil servants. These efforts can be seen from the formation of institutions related to integrity such as the Malaysian Institute of Integrity (MII), Malaysian Anti-corruption Commission (MACC), the Enforcement Agency of Integrity Commission (EAIC), Public Account Committee (PAC), National Audit Department, and Integrity Unit in each government department. However, despite many efforts being taken to increase the level of integrity, number of complaints and people arrested under corruption remains to be high. To create a culture and climate of integrity, civil servants are encouraged to participate in seminars on integrity, forums, and dialogues organized by relevant agencies and organizations. Besides that, these initiatives are concurrently bolstered with compliance constructs such as the national pillars (*Rukunegara*), code of ethics, integrity pledge, general circulars and many other formal documents expounding good values. Again, despite these affirmative actions taken and campaigns conducted, integrity violations are still far from satisfactory (Siddiquee 2010).

Statistics from many sources implied that integrity illness generally remains acute. Hence, public trust on the government can be at stake. Integrity in businesses or the private sector is also another major area of concern. For example, in the United States, Enron becomes a popular example of failure by a giant company due to lack of integrity. According to Petrick and Scherer (2003), the collapse of Enron was due to value, nature, and neglect of integrity. Neglect of integrity can be costly. Petrick and Scherer (2003) suggested that managerial integrity may be improved by education on integrity and accountability. Other than that, organization can expand the scope of its managerial accountability. For example, they can adopt upright social and environmental systems, as well as practice transparent economic. Lastly, it was suggested for organizations to include stakeholders' participation in the organizations' corporate governance.

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Integrity is a mirror of good governance and culture. Integrity is an important indicator of a country's position among others. Besides that, integrity also ties with corporate governance. This is proved by a study that suggested corporate governance values to also include lawfulness, integrity, democracy, and effectiveness and efficiency (Bovens et al. 2007). Leadership and integrity are inter-related. A researcher gave the meaning of integrity among leaders via Diamond Leader's Integrity; which includes identity, standing up for something, moral and ethical purpose, lawful, also consistency (Leigh 2009). Another researcher described leaders who are pursuing integrity must have consistency among aims, values and action through uncertainties, vagaries and surprises of management work (Badaracco & Ellsworth 1992). Effective leadership correlates with integrity, and the presence of integrity will improve organizational effectiveness (Storr 2004).

Code of ethics is normally associated with ethical leadership, including management awareness and sensitivity. In essence, many researchers suggested developing integrity in people by introducing code of ethics (Hill & Rapp 2014, Ali & Amosa 2014). Some countries attempted to legislate civil servants' ethics through codes of law (Michael 2012). Additionally, according to Kolthoff et al. (2013), integrity can be measured through financial accounting standards, development of code of conduct, and disclosure of specific information. It is believed that an integrity system may safeguard countries from ethical infringement. Code of conduct is essential in measuring integrity, whereby high integrity performance arises when there is presence of value-based policies and practices plus absence of corrupt institutional logic in society (Six & Lawton 2013).

A study by Thoms (2008) showed that there is a strong link between ethical integrity of leadership and organizational moral culture that will lead to successful business. Furthermore, Peterson (2004) stated that individuals who believe in universal moral rules have lower intention to behave in an unethical manner or commit integrity violation. His findings also found that females have lower intention to commit integrity violation than males. Hence, the importance of moral should not be questioned, as it helps increase the integrity level of employee and will enhance job efficiency. Jacques (2004) suggested that internal moral compass of professional employee should include basic training in managing integrity, introduction to integrity counselors, inter vision and reflection group, and internet group discussion. A study by Poon (2013) tied integrity with benevolence, further suggesting that integrity and ability interacted in a compensatory manner to predict trust-in-supervisor when benevolence was high. Campos et al. (2011) found that managers' moral awareness moderates the relationship between performance and entrepreneur orientation.

From previous literature, this study had identified that leadership; code of ethics and moral awareness as predictors that affect level of integrity among civil servants in the public sector. Potential determining factors towards level of integrity are discussed next.

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Hypothesis 1: Relationship of Leadership towards Level of Integrity

Prior studies revealed that leadership is a significant factor to influence the level of integrity. Leaders play an important role, as they are the ones who develop organizational culture of trust. In a way, they build a foundation of integrity and ethical standards within organizations (Waxler & Higginson 1990; Thoms 2008). Morrison (2001) also agreed that without integrity, managers will never be able to stimulate goodwill and trust on organizations, as leaders are the ones who would impact the action and belief of other employees under their wing.

Effective global leaders have to maintain their integrity by confronting ethical dilemmas frequently and quickly (Morrison 2001). Allio (2012) expressed that a good leader requires both competence and integrity. Not surprisingly, organizations with their own culture of integrity tend to be leaders of their industries (Duggar 2011). Peterson (2004) found that there is a significant relationship between leader's integrity and employee's ethical intention. Joseph and Winston (2005) also had similar idea that there is strong relationship between servant leadership, leader, and organizational trust.

As leadership seems to be important towards level of integrity, Hypothesis 1 was developed as follows:

H1: *There is significant relationship between leadership with the level of integrity of local council officers.*

Hypothesis 2: Relationship between Code of Ethics and Level of Integrity

Code of ethics is a significant tool to control human behavior (Thoms 2008; McDonald 2009; Kolthoff 2013). It is used as a mean to measure integrity (Six & Lawton 2013). According to McDonald (2009), the motivation for adopting code of ethics can be divided into seven aspects as follows:

- i. Ensuring legal compliance and other statutory requirements.
- ii. Providing a guide for behavior and formalized expectations.
- iii. Protecting and enhancing organizational reputations.
- iv. Ensuring employee, management and supplier compliance and minimizing risk.
- v. Ensuring consistency across global networks.
- vi. Communicating principles and commitments to stakeholders.

Another study by Kaptein (2015) showed that unethical behavior would occur less frequently in organizations that have ethics program (i.e. code of ethics, training, appraisal). Meanwhile, Ruiz et al. (2015) asserted that ethic program is positively associated with ethical intent. Despite that, a study by Garg and Tiwari (2015) found that impacts of ethics program on employee's behaviors may vary depending on their working environment. To test whether code of ethics have influence to the level of integrity, Hypothesis 2 was developed as follows:

H2: *There is significant relationship between codes of conduct with the level of integrity of local council officers.*

Hypothesis 3: Relationship of Moral Awareness towards Level of Integrity

Many past studies agreed that moral awareness is influenced by the consequences emerging from moral issue and issue framing (Butterfield et al. 2000; Jones 1991; Rest 1986). Hence, Rest (1986) developed a model which involves four steps towards ethical decision by an individual. First and foremost is moral awareness, where the actor recognizes moral nature. Second, the actor makes moral judgment by deciding what is morally right. Third, the actor establishes moral intent by prioritizing moral values. Lastly, the actor engages in moral action.

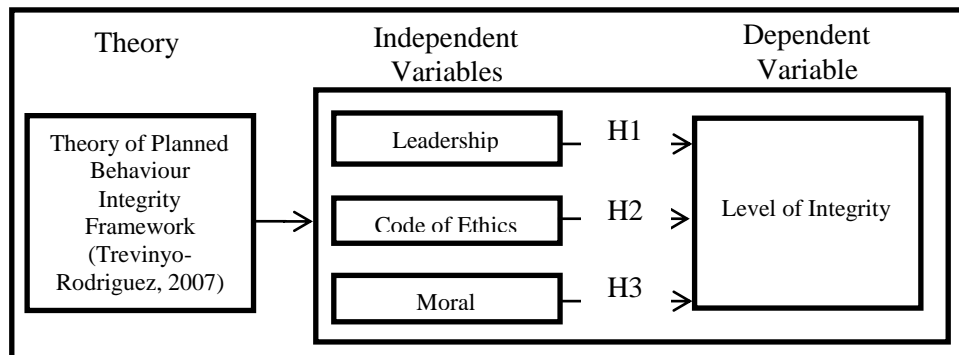
In creating organizational culture of integrity, one should not only think about how they could shape the behavior of members in organizations, which is hoped to be parallel with their expected behavior. They should also be able to form moral consciousness, which is oriented towards universal moral values (Wisesa 2016). As moral awareness is important in determining what kind of moral action that would be decided, Hypothesis 3 is developed to examine whether it also has influence on level of integrity.

H3: *There is significant relationship between moral awareness with the level of integrity of local council officers.*

Conceptual Framework

Research framework for this study is summarized in Figure 1. In the research framework, leadership, code of ethics, and moral awareness are classified as independent variables, while level of integrity is the dependent variable. This research framework is developed according to an integrity framework which was derived from Systems Theory by Trevinyo-Rodriguez (2007) and underpinned by Theory of Planned Behavior.

Figure 1: Research Framework for Current Study.



Systems Theory

General System Theory (GST) was developed by Ludwig Von Bertalanffy in 1968. He defined a system as a set of elements standing in interrelation among them and with the environment. GST provides a simple way to model organizations by focusing on the structure, as well as relationships or interdependence among parts of an organization. Previously, Niklas Luhmann’s Social System Theory emphasized the distinction between systems and environment, which consist of communications between people. Later, an integrity framework (Trevinyo-Rodriguez 2007) was developed with reference to Luhmann’s System Theory. The integrity framework is classified under three categories, which are:

- i) Personal integrity
- ii) Moral integrity
- iii) Organizational integrity

Trevinyo-Rodriguez (2007) stated that personal integrity, moral integrity, and organizational integrity are parallel with Luhmann’s System Theory elements which are psychic system, social system, and social structure. Psychic system or individual consciousness is defined as integrity as an innate, which describes individual action. Social System or collective representation is integrity as a rational and social process which requires truth telling, honesty, and fairness. Social structures or communication double contingencies is integrity as relational or social phenomena.

Additionally, he set aside professional integrity from being included in as a variable in the model because he felt that professional integrity can be associated to personal integrity. He also questioned whether organizational code of conduct is adequate to promote coherent moral integrity, personal integrity and organizational integrity behavior. Thus in this study, code of ethics is examined to find out whether it has relationship with the level of integrity, in addition to variables of leadership and moral awareness. Development of variables from constructs of Luhmann’s System Theory and Trevinyo-Rodriguez’s Integrity Framework for this study is summarized in Table 1.

Table 1: Integrity Framework Derivation

| General System Theory by Niklas Luhmann | Integrity Framework by Rosa Nelly Trevinyo-Rodriguez (2007) | Current Study |
|--|--|----------------------|
| Psychic Systems | → Personal Integrity | → Leadership |
| Social Systems | → Moral Integrity | → Moral Awareness |
| Social Structure | → Organizational Integrity | → Code of Ethics |

Theory of Planned Behavior (TPB)

TPB is a theory in social psychology, which expands from Theory of Reasoned Action by Fishbein and Ajzen in 1975 (Madden et al. 1992). This model is developed to distinguish reasons towards engagement in a given behavior. TPB posits that a person’s behavior is determined by his intention to perform the behavior, where this intention is consecutively determined by three components as follows:

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- i) Attitude toward the behavior
- ii) Subjective norms
- iii) Perceived behavioral control

Ajzen (1991) described attitude towards behavior as a set of behavioral beliefs which is weighted by outcome evaluations. In this instance, evaluation would include beliefs about a specific behavior and its consequences. In simpler terms, attitude towards behavior is a person's favorable or unfavorable attitude towards a given behavior. Basically, the act of integrity violation committed by civil servants would give the civil servants something in return. For example, an act to accept bribe will lead to the receiver to have financial gain in return to his action. On the other hand, an act of rejecting bribe could be caused by a fear of consequences that the receiver might face upon discovery of the bribe, for example withholding of his monthly pay. The concept of moral awareness can be fitted within the component of attitude towards behavior. Moral awareness as achieved when an individual is able to identify the influence of his or her decisions, whether these decisions would impair or gives benefits to other people.

Ajzen defined subjective norm as normative beliefs that are weighted by motivation to comply, which are normative expectations of other people who are important to the actor when a behavior is being expressed. In short, subjective norms are a person's perception of social pressure. Essentially, the act of civil servants to behave morally can be significantly influenced by their higher rank officer and vice versa. Therefore, the concept of leadership is appropriate with the component of subjective norms. Tone at the top has noteworthy influence towards the behavior of employees.

Perceived behavioral control is control beliefs that are weighted by influence of control beliefs. It is perceived difficulty or ease of performing the behavior by an individual. It is also a person's sense of self-efficacy, as it relates to the implementation of a particular behavior (Ajzen 1991). Having said that, behavior of civil servants is guided by code of ethics to ensure public service is exercised at its very best and with most quality. Code of ethics is thus cordially related to perceived behavioral control.

3. Methodology

Research population for this study involved 13 Municipal Councils, 38 City Councils, and 98 District Councils. There are a minimum of 10 departments and units which administer a particular local council. Therefore, sample population of study becomes 1490 (149 local councils multiplied by 10 departments). However, for the purpose of this study, only local councils located in Selangor and Kuala Lumpur will be taken as samples to be studied. The rationale of this choice is that both areas are developed states of Malaysia with easy access of information. Nevertheless, the most important reason towards the choice of sample is that these areas received the highest number of complaints by the Enforcement Agency of Integrity Commission (EAIC) from 2011 to 2015. It was reported that Selangor and Wilayah Persekutuan Kuala Lumpur received 46 per cent from the total complaints received by EAIC.

Instrumentation

Data collection was conducted mainly by distribution of questionnaires. Questionnaires are developed using a four-point Likert scale, with the value 1 being equal to “strongly disagree”, 2 is equal to “disagree”, 3 is equal to “agree”, and 4 is equal to “strongly agree”. According to Adelson and McCoach (2010), there is no difference on the mean, variance and covariance of an instrument which adopts a 4-point Likert scale or 5-point Likert scale.

The questionnaires consist of six important sections to examine the relationship between leadership, code of ethics, and moral awareness with the level of integrity in local councils. The questionnaires comprised of sections AI and AII, which are demographic questions. Section B inquires on integrity, which is measured with thirteen questions. Meanwhile, Sections C, D, and E cover independent variables of this study, which are leadership (measured by twelve questions), code of ethics (measured by thirteen questions), and moral awareness (measured by ten questions). Sections B until E use interval scales for all of their question items. Finally, an open-ended question was included at the end of the questionnaires for respondents to comment on any related issues regarding the study.

Measurement of Variables

This study employs four variables, which cover dependent and independent variables. Integrity consists of an actor’s word (character) and action (conduct) that is consistent, even in adversity. To address level of integrity, this study adopts all dimensions that consist of wholeness, consistency of word and action, consistency in adversity, authenticity, integrated-self, identity, clean-hands, utilitarianism, and pluralism.

Leadership is all about the accomplishment of a goal through directions of human assistants (Prentice 1961). To measure leadership, dimensions which include charismatic leader, ethical leader, empowering leader, universality, value congruence, role modeling, strictness, and openness are used. Code of ethics is the rule for acceptable public employee conduct, which describes limitations on individual behavior that is necessary to uphold the responsibility of public stewardship (Blijswijk et al. 2004). Dimensions such as clarity, comprehensive, enforceability, value-based and value-driven, commitment from board of directors, and continuous awareness and promotion are used to measure code of ethics.

Butterfield et al. (2000) described moral awareness as a person’s recognition that his or her potential decision or action could affect the interests, welfare, or expectations of his or self or others in a fashion that may conflict with one or more ethical standards. Therefore, to measure moral awareness, this study adopts dimensions of behavioral norms, consistency characteristic of a person, decision and sensitivity individual awareness, ability to detect moral issue, ends-based decision making, and formalism.

Data Collection Procedure and Processing

Questionnaires were distributed to 13 local councils in Selangor and Kuala Lumpur. This study tests whether the level of integrity is determined by leadership, code of ethics, and moral awareness. Questionnaires were distributed by hand and surface mail, where they are collected within 14 to 21 days from distribution.

For questionnaires that are distributed by hand, appointment was made before the actual distribution. Out of 13 local councils, only 10 had agreed to participate in this study. All distribution processes were completed through Corporate Offices of these local councils. This office would administer the internal distribution of questionnaires as well as collection of completed questionnaires to the researcher. As such, 314 questionnaires were distributed to these local councils, where 222 responses were returned. This gives a response rate of 71 per cent. Among them, two were found to have blank responses on the demographic section and one on section B. In handling blank responses, for each questionnaire, the percentage of blank responses was compared to the total questions. This was done to follow the rule of thumb by Sekaran and Bougie (2013), for which if 25 percent of questionnaire items was unanswered, the questionnaire should be excluded. In this study, blank responses were found to not exceed the 25 percent rule. Therefore, no questionnaires with blank responses were discarded. All blank responses were accepted.

Data Analysis

After data was collected from a particular sample of the population, the next step is to analyze them and test the research hypotheses. Before analysis would even begin, several introductory steps need to be finalized. These steps would assist in ensuring that data obtained are at best accurate, complete, and suitable for further analysis (Sekaran & Bougie 2013).

In addition, this study had employed Statistical Package for Social Science (SPSS) for computational analysis. Preliminary analysis was conducted to assess the fit between variable distributions. Normality and reliability tests were conducted with reference from studies by Poon (2013) and Peterson (2004). Proposed hypotheses were tested using multiple regression analysis. This analysis was used by Poon (2013), also Joseph and Winston (2005) in their studies. Regression analysis was used to analyze the relationship between independent variables (i.e leadership, code of ethics, and moral awareness) and dependent variable, which is level of integrity of local council officers.

4. Findings

In seeking empirical evidences on factors determining the level of integrity, theoretical model of the study had led to the development of three hypotheses. Theoretical model of this study was tested using multiple regression analysis because the analysis would generate coefficients and measure the goodness of fit for the model being studied. The results are depicted in four tables below (see Table 2 to Table 4).

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Table 2 shows the overall model fit tested by F-test. F-Test value was found to be 92.926. As it is compared to $F_{critical} = 3.91$ ($df_1 = 3, df_2 = 218$), generated value of F test statistics falls in the rejection region (p -value < 0.01). Therefore, it can be concluded that all predictors had affected the dependent variable. This hence concludes that all variables (i.e. leadership, code of ethics and moral awareness) have predicted the dependent variable (i.e. level of integrity).

Table 2: Anova Table

| Model | Sum of Squares | df | Mean Square | F | Sig. |
|--------------|----------------|-----|-------------|--------|--------------------|
| 1 Regression | 21.840 | 3 | 7.280 | 92.926 | 0.000 ^b |
| Residual | 17.079 | 218 | 0.078 | | |
| Total | 38.919 | 221 | | | |

a. *Dependent Variable: Total_ Integrity*

b. *Predictors: (Constant), Total_ Moral Awareness, Total_ Code of Ethics, Total_ Leadership*

With reference to Table 3 of model summary, it can be further found that the value of multiple correlation coefficient between predictors and outcome was $R = 0.749$. The value of $R^2 = 0.561$ indicated that all predictors account for 56.1 per cent of the variation in level of integrity. Adjusted R^2 provided some ideas of how well the model was generalized, which is 55.5 per cent of overall model. This means that the variables (i.e. leadership, code of ethics, and moral awareness) are able to explain about 55.5 per cent of the changes found in the dependent variable (level of integrity).

Table 3: Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|--------------------|----------|-------------------|----------------------------|
| 1 | 0.749 ^a | 0.561 | 0.555 | 0.27990 |

a. *Predictors: (Constant), Total_ Moral Awareness, Total_ Code of Ethics, Total_ Leadership*

Further, statistical analysis via Pearson Correlation Coefficient Test had proven the existence of intra-variable relationships, as summarized in Table 4. Overall, with reference to Table 4, leadership was found to have the strongest influence, followed by moral awareness. Despite that, code of ethics was found to have little influence on the level of integrity. The next subchapter would further discuss on these findings.

Table 4: Coefficients

| Hypotheses | Model | B ¹ | P value ² | Result ³ |
|------------|------------------------------|----------------|----------------------|---------------------|
| H1 | Leadership - > Integrity | 0.444 | 0.000 | Accept |
| H2 | Code of Ethics -> Integrity | 0.040 | ns | Reject |
| H3 | Moral Awareness -> Integrity | 0.385 | 0.000 | Accept |

Notes: ¹Regression Coefficient,

²Statistical significant of the test

³Result on Hypothesis

Leadership

The analysis in Table 4 showed that leadership has significant positive influence on the level of integrity ($p < 0.05$). Standardized regression weight ($\beta = 0.444$) showed that

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when the value of leadership increase by 1 standard deviation, the level of integrity would subsequently increase by 0.444 standard deviation.

Findings by Van Aswegen and Engelbrecht (2009) revealed that there is positive relationship between transformational leadership and ethical climate. Leroy et al. (2012) also found that authentic leadership and leader behavioral integrity are related to follower's work performances that control the ethical culture in organizations. Leaders play important role as they are the one who develop an organizational culture of trust. In a way, they build a foundation of integrity and ethical standards within the organization (Waxler & Higginson 1990; Thoms 2008). Morrison (2001) also agreed that without integrity, managers will never be able to stimulate the goodwill and trust of organization, where leaders are those who impact the action and believe of their subordinates.

In conclusion, leadership has positive relationship on the level of integrity in local councils. Therefore, Hypothesis 1 which posited that there is significant relationship between leadership with the level of integrity is accepted.

Code of Ethics

Analysis in Table 4 showed that code of ethics had no significant influence on the level of integrity ($p > 0.05$). Standardized regression weight ($\beta = 0.04$) showed that when the value of code of ethics is increased by 1 standard deviation, the level of integrity would only increase by 0.04 standard deviation.

Code of ethics is a significant tool to control human behavior (Thoms 2008; Mcdonald 2009; Kolthoff 2013). It is used as a mean to measure integrity (Six & Lawton 2013). However, there are a number of researchers who found that the implementation of code of ethics may have little influence on human behavior (Kaptein & Avelino 2005). A study by Kaptein and Schwartz (2008) revealed that relationship between code of ethics and integrity has conflicting results. Somers (2001) also found that code of ethics had no influence on perceived wrongdoings in organization.

In conclusion, code of ethics does not have significant relationship on the level of integrity in local councils. Therefore, Hypothesis 2 which posted that there is significant relationship between leadership and the level of integrity is rejected.

Moral Awareness

Analysis in Table 4 showed that moral awareness had positive significant influence on the level of integrity ($p < 0.05$). Standardized regression weight ($\beta = 0.385$) further showed that when the value of moral awareness is increased by 1 standard deviation, level of integrity would increase by 0.385 standard deviation.

Thoms (2008) found that there is a strong link between ethical integrity of leadership and organizational moral culture, which would lead towards successful businesses. Peterson (2004) stated that individuals who believe in universal moral values have

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lower intentions to behave in unethical manner. Another study by Reynolds (2006) found that moral awareness had relationship with moral issue.

In conclusion, moral awareness has significant positive relationship on the level of integrity in local councils. Therefore, Hypothesis 3 which posited that there is significant relationship between moral awareness with the level of integrity is accepted. Having reviewed the statistical analysis, Pearson Correlation Coefficient Test has proven the existence of the variables relationship as summarized in Table 5. This study contributes to the new knowledge when studying factors determining the level of integrity in local councils. Precisely, leadership and moral awareness predict strongly on level of integrity in local council which account for 56 per cent of the variation in level of integrity. On the other hand, code of ethics has slight and almost no significant influence to the level of integrity. Therefore, organizations are urged to focus on other instruments other than the code of ethics in developing and designing their strategy to enhance the level of integrity.

Table 5: Hypotheses and Result

| Hypotheses | Prediction | Result |
|---|-------------------|---------------|
| H1: There is significant relationship between leadership with the level of integrity of local council officers | Positive | Accepted |
| H2: There is significant relationship between code of ethics with the level of integrity of local council officers | Positive | Rejected |
| H3: There is significant relationship between moral awareness with the level of integrity of local council officers | Positive | Accepted |

5. Conclusion

Result from the study suggests that leadership, and moral awareness have strong influence on the level of integrity whereas code of ethics has very slight influence on the level of integrity. Hence, strong emphasize should be given to the leadership aspect as well as the moral awareness in order to improve the overall integrity culture. As leadership is very important in influencing the level of integrity, reasonable measures have to be focused toward leaders of the local councils. Possible strategies that can be implemented are by strengthening leadership and corporate governance quality through continuous education, leaders monitoring and assessment, and employee survey. Since code of ethics has very slight influence on level of integrity, therefore, local councils have to look at other instruments to enhance integrity.

This study offers insight to the local councils in Malaysia pertaining to the potential strategies towards high level of integrity amongst their employees. In conclusion, this study contributes to the literature on integrity and may help to improve current strategy adopted by local councils. The findings from this study can be applied at any level of management, both in the private and public sectors.

Unfortunately, response rate was low especially for respondents from the district council compared to the city council and the municipal council. Overall the response rate was

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considered moderate. Even though there are more than ten departments in the local councils, respondents came mainly from the administrative department and only a small number was from other departments. The sample only covered Selangor and Wilayah Persekutuan Kuala Lumpur as it was not possible to incorporate all 149 local councils throughout Malaysia.

This study has permitted the researcher to provide empirical evidence regarding drivers towards level of integrity. Future researchers are encouraged to do advanced exploration on thoughts and concepts which had been discussed in this study. Future research may also study on other possible variables that may predict the level of integrity. For instance integrity institutions, enforcement agencies, auditor general and whistle-blowers act. Future studies may also be conducted in other contexts, for example private organization, government-linked companies (GLC), non-government organization (NGO), and non-profit organization (NPO).

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